Registered number
07611016

The Oversight Trust –

Assets for the Common Good

Annual Report and Financial Statements

31 December 2023

The Oversight Trust- Assets for the Common Good
Report and Financial Statements
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Company Information

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- Nicola Pollock[2,3] (Senior Independent Director)
- Kevin Davis DL
- Helen England[3]
- Joanna Fox[1] (Government Appointee)
- Stephen Howard LVO[1,3]
- Ian Hughes[2] (National Lottery Community Fund Appointee)
- Andrew Rose
- Robert Bell[1]
- David Lindsell
- Victoria Thornton

(1) Member of the Nominations and Remuneration Committee
(2) Member of the Core Governance Review Team
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The Oversight Trust- Assets for the Common Good
Chair's Statement

Introduction

The Oversight Trust - Assets for the Common Good ('the Trust' or 'the company') has been operating under its current mandate for four years and has now published a Quadrennial Review for each of its four Operating Companies ('OpCos') – with the Fair4All Finance Limited (Fair4All) Report published in January 2023 and the Youth Futures Foundation Limited (Youth Futures) Report published in December 2023.

During 2023, Government took steps to implement the expansion of the Dormant Assets Scheme as set out in the Dormant Assets Act 2022. After an extensive consultation, the Government announced in early 2023 that it had been decided that, in England, the Dormant Assets monies should continue to be used to support: youth; financial inclusion; and social investment wholesalers and a fourth possible cause of community wealth funds was added. Secondary legislation to effect this change was subsequently passed by Parliament in November 2023.

A report was commissioned by the Department for Culture, Media, and Sport (DCMS) in December 2023 to inform its internal review of the governance of the Dormant Assets Scheme in England. The Trust is also planning its own review of its operations, involving seeking feedback from its stakeholders, including the OpCos, about how the current system of oversight can be improved in the future.

Irrespective of the Statement of Intent made by the Government in October 2023, the result of the 2024 General Election could affect how Dormant Assets are allocated in the future. However, it is noted that the Dormant Assets Acts 2008-2022 have enjoyed cross party support at all stages of their passage through Parliament, under successive Labour, Coalition and Conservative Governments.

Oversight Trust Operations

This Annual Report presents the consolidated financial statements for the Oversight Trust Group which, in addition to the holding company, comprises:

1. Better Society Capital Limited (formerly Big Society Capital) (BSC) - for which the Trust is the majority shareholder;
2. Access – the Social Investment Foundation (Access) - for which the Trust is the sole Member;
3. Fair4All Finance Limited - for which the Trust is the sole Member; and
4. Youth Futures Foundation Limited - for which the Trust is the sole Member.

The structure and functions of the Trust as a company are set out in detail in this Annual Report. Each of the OpCos in the Group has its own annual report where details of its operations can be found.

Dormant Assets Scheme

The Dormant Assets Act received Royal Assent on 24 February 2022. The Act builds on the success of the Dormant Bank and Building Society Accounts Act 2008 by bringing additional classes of asset held by financial institutions within the scope of the Scheme, including assets from the insurance and pensions, investment and wealth management and the securities sectors. The Government estimates that £880m of additional dormant asset funding could be made available of which £738m would be for causes in England thanks to the expansion of the Scheme. Aviva became the first financial institution in the insurance and pensions sector to join the expanded Dormant Assets Scheme in June 2023.

DCMS also issued a Statement of Intent in September that the estimated £350m of Dormant Assets available for distribution in England 2024-2028 would be allocated equally between the four named causes. A more detailed statement on the apportionment of Dormant Asset allocations for England is expected at a date yet to be determined in 2024.

In March 2023, DCMS announced that £76m of Dormant Assets would be allocated to Fair4All (£45m), BSC (£8m) and Access (£23m) to support programmes aimed at mitigating the impact of the cost of living crisis.

As mentioned above, DCMS is considering the governance of the Dormant Assets Scheme's distributions in England. Depending on the final view taken by DCMS, this may have a significant effect on the operations of the Trust and the resources it will require to fulfil its role. The Trust is taking an active and supportive part in the review process and was encouraged by the initial conclusions that have been reached: namely, that DCMS will proceed with some initial steps to provide greater clarity on the roles and responsibilities of the key stakeholders and processes involved in distributing the funding in England.

The Trust will need to review the detail of this programme of work as it is determined and developed over time and work collaboratively with all stakeholders to implement necessary changes.

Quadrennial Reviews

Quadrennial Reviews are designed to assess the effectiveness of an OpCo in achieving their objectives in delivering the programmes of work for which they are funded.

Following the Quadrennial Reviews of BSC (2020) and Access (2021), the Trust commissioned a review of Fair4All in 2022 (published in January 2023) and of Youth Futures in 2023 (published in December 2023).

Observations detailed in the reviews' conclusions are reflected in OpCos' responses and their strategic plans; and the Trust intends to monitor follow-up actions.

We are very grateful to the independent panels which carry out the reviews for their work which forms a key and valuable component of the oversight provided by the Trust. We are also appreciative of the positive engagement in the process of both the companies and their stakeholders who contributed evidence.

Activities

In addition to the regular meetings of the Board involving quarterly reviews of the OpCos, the annual Governance Reviews of each Operating Company, and Quadrennial Reviews, the Trust has been engaged in a number of strategic projects over the course of the year.

Following a Board Away Day to Wolverhampton in 2022, the Board visited Bristol in 2023 and Manchester in 2024 to help better understand front line issues in relation to social investment, youth unemployment and affordable credit and the challenges being faced in the regions. The Away Days have been both illuminating and rewarding with a mix of speakers from local strategic organisations providing wider context and organisations supported by the OpCos. The interactive sessions underline the commitment and determination of local organisations to address the social issues they are engaged with.

Financials

The 2023 financial results reflect the ongoing operations of BSC and Access together with the results of Fair4All and Youth Futures as they have evolved from an establishment phase to being fully operational.

The group reports total comprehensive income of £1,669k (2022: £1,774k) all of which is attributable to the group OpCos and the Trust itself had total comprehensive income of £8,000k in the year (2022: £nil). This change arises as a result of the receipt of grant from NLCF which the Trust invested in the share capital of BSC.

BSC reported total comprehensive expense for the year of £6,018k (2022: income of £4,197k); Access reported a net expenditure of £7,711k (2022: net expenditure of £8,874k); Fair4All reported £nil (2022: £nil) operating surplus and £7,947k total comprehensive income in the year (2022: £6,400k) in its own individual accounts.

The Oversight Trust- Assets for the Common Good
Chair’s Statement (continued)

Youth Futures reported total comprehensive income of £nil (2022: £nil). In arriving at the results for the group, a consolidation adjustment has been made to transfer all Fair4All's Other Comprehensive Income into Income from grants, as the group does not recognise a Capital Fund Reserve. The financial results reported by Fair4Aall required an adjustment of £7,569k (2022: £6,450k) to the reported surplus, to bring them in line with the group accounting policies.

Board

In 2023 we welcomed the three new Directors: David Lindsell, Victoria Thornton and Robert Bell who joined the Board in March 2023. Between them, they provide a great range of relevant experience and insights and their perspectives are adding significantly to the work of the Trust.

I would like to thank Clara Barby, who stepped down from the Board at the end of 2023, for her commitment to the Board and as Link Director for BSC. She also brought particular insight in relation to environmental issues and providing training for the Board on related topics.

All members of the Board have continued to give their full commitment and engagement in the business of the Trust. A number of specific issues have come up over the year which have required their guidance and thoughtful analysis, and I am very grateful for the helpful support they have provided.

I would also like to thank Alastair Ballantyne whose title was changed to Chief Executive Officer of the Trust in February 2023.

Sir Stuart Etherington

Chair

The Oversight Trust- Assets for the Common Good

Strategic Report

Principal Objectives and Strategy of the Trust

The group comprises the Trust and its subsidiaries: Better Society Capital Limited (BSC), Access - The Foundation for Social Investment (Access), Fair4All Finance Limited (Fair4All) and Youth Futures Foundation Limited (Youth Futures). These four companies are collectively referred to as the Operating Companies or "OpCos".

The Trust is a company limited by guarantee.

The Trust's objects are, in the public interest, to:

- promote and develop social investment* and the social investment marketplace in the United Kingdom by:
  - acting as a majority shareholder in and providing oversight of Better Society Capital with the aim of ensuring that BSC remains true to its objects;
  - acting as the sole company law member and providing oversight of Access;
- promote individuals' ability to manage their finances and more generally to improve access to personal financial services by acting as the sole company law member and providing oversight of Fair4All; and
- promote the needs of young people by acting as the sole company law member and providing oversight of Youth Futures.

The strategy of the Trust is to perform its oversight role as effectively as possible within the funding envelope allocated. It works closely with other stakeholder including the OpCos, DCMS and The National Lottery Community Fund (NLCF) to achieve this goal.

The Principal Objectives and Strategies of each of the four OpCos are outlined below. Details of the governance and operating performance of each OpCo can be found in their separately published Annual Reports.

Group Governance Arrangements

The strategy of each of the OpCos in the Trust group is determined by the directors of that company. The Trust is responsible for the oversight of the four OpCos, with the aim of ensuring that they remain true to their objects and in particular:

- To ensure each company is well governed;
- To ensure that any changes to a company's objects are appropriate;
- To ensure each company's strategic plans are in accordance with its objects;
- To review the companies' achievement of social impact;
- To review the transparency of financial and impact reporting; and
- To provide guidance and advice to the companies where appropriate and practicable, or as requested.

The Trust has a Governance Agreement with each OpCo that sets out the Operating Principles for the company and the details of reporting, assurance and review required by the Trust. The document also sets out the key powers and processes the Trust has that are relevant to it fulfilling its responsibilities. The powers include those specified in the individual company's governing documents as well as those under UK company law.

**Social investment is the use of repayable finance to achieve a social as well as a financial return. There are many charities and social enterprises working hard to deal with some of the most challenging issues in the UK, such as youth unemployment, financial exclusion and homelessness. An increasing number of them wish to use repayable finance to help them increase their impact on society, for example by growing their organisation and extending their reach, providing working capital for contract delivery, or buying assets.*

Access, Fair4All and Youth Futures are companies limited by guarantee, for which the Trust has governance powers and responsibilities as their sole member. Access is also a registered charity. Better Society Capital is a company limited by shares, and the Trust has a controlling interest (the Trust holds 68% of the shares and it controls 80% of the voting rights). For important issues, such as any change to an OpCo's Articles concerning its Objects and Powers, a consensus vote by the Trust Board is required. Any changes to an OpCo's Governance Agreement require a 75% majority vote of the Trust Board to approve (except for changes to the Remuneration Principles which require a consensus vote).

The boards of the OpCos are responsible for the majority of activities within the group. Each OpCo has its own board of directors that reflects its purpose and each company also operates through board committees appropriate to its operations.

Group Funding

The Trust is funded with monies released from dormant accounts under the Dormant Assets Acts 2008 to 2022. The reclaim body that manages these funds is Reclaim Fund Limited (RFL). Funds deemed to be available after considering potential reclaims are transferred from RFL to the National Lottery Community Fund (NLCF) for distribution. Prior to 2019, the Trust received all of the English allocation of these monies (after deduction of any associated costs of NLCF): to invest as equity in BSC; to provide as a grant to Access; and to cover the Trust's operating costs.

By the financial year ended 31 December 2022, BSC had received equity capital from the Trust of £426m. BSC had also received £200m as an equity investment from its shareholder banks (Barclays, HSBC, Lloyds Banking Group and NatWest Group) for investment across the UK.

Access was initially primarily funded in 2015 via a £60.7m endowment from the Department for Culture, Media and Sport (DCMS). This endowment was planned to be spent over ten years in the delivery of Access' programmes. By year end 2022, Access had subsequently been allocated additional funding from dormant account monies of £60m.

Fair4All and Youth Futures were established in 2019 with funding agreements to receive a total of £55m and £90m in dormant account monies respectively in order to deliver their programmes of work. By year end 2022, Fair4All had been allocated an additional £45m of dormant account funding and Youth Futures £20m.

On 7 March 2023, DCMS announced the further allocation of £76m of Dormant Assets for cost-of-living related initiatives. This comprises a grant of £45m to Fair4All and £31m for social investment initiatives (£23m to Access and £8m to BSC).

On 28 September 2023, DCMS issued a sending direction to NLCF to allocate a further £15.35m of funding to Youth Futures for a programme targeted at helping 14-16 year olds .

The Trust itself has a funding agreement with NLCF to receive up to £500,000 of dormant asset monies per annum to cover its operating costs on an on-going basis.

An open consultation process was organised by DCMS in summer 2022 to consider what causes funding should be allocated to under the expanded scheme. It concluded that the current causes: youth, financial inclusion and social investment wholesalers should continue to be supported and community wealth funds were added as an additional cause.

DCMS also issued a Statement of Intent in September that the estimated £350m of Dormant Assets available for distribution in England 2024-2028 would be allocated equally between the four named causes. A more detailed statement on the apportionment of Dormant Asset allocations for England is expected at a date yet to be determined.

OpCos' Principal Objectives and Strategy

Better Society Capital Limited

BSC's mission is to grow the amount of money invested in tackling social issues and inequalities in the UK.

It does this by investing its own capital and enabling others to invest for impact too. Since 2012, BSC has helped the social impact investment market grow tenfold to nearly £8bn. This capital has financed social purpose organisations tackling everything from homelessness to mental health and fuel poverty.

BSC's role is to bring the most relevant experts to the table, generating ideas and connecting capital to where it's most needed.

BSC's Strategic Priorities

In September 2021, BSC published its strategy to 2025. It aims to at least double the scale of the social impact investment market in the UK from its 2020 level to £10-£15bn by 2025, in order to:

- Concentrate on the opportunities for transformational impact which have become clearer over time, with the recognition that longer-term models and partnerships are needed to realise these.
- Build platforms to channel capital from private, public and philanthropic sources into the market.
- Continue to build its unique proposition as an expert in delivering social impact through investment by way of a deep understanding of business models, best in class impact practice and decision-making, and networks across sectors.

BSC focuses these approaches on four areas where it has learned there is greatest potential for growing impact at scale, and where the company believes it can make the biggest difference::

- social and affordable housing;
- impact venture;
- social lending; and
- social outcomes.

Alongside this, BSC runs an innovation programme to find the new, big investment ideas that can be developed over the next five years.

With the help of partners, and by bringing in more capital alongside its own, BSC aims to create even greater social change through investment, reaching more organisations in different places and communities in the UK, including those who have been underserved in the past

2023 Performance

BSC recorded an operating loss in 2023 of £6.0 million (2022: net profit of £4.2 million). This was driven by the challenging economic environment which resulted in a net downward valuation changes on its social investment portfolio.

During 2023, nine new investments were signed totalling £44 million, supporting a range of fund managers to invest in organisations delivering positive social impact throughout the UK.

Highlights include:

- Further investment in social housing of £10.0 million
- Further approvals and commitments in support of Impact Ventures amounting to £13.5 million
- Five investments into social lending funds totalling £27.9 million

The overall social impact investment market continued to grow and has increased more than ten-fold since 2011. BSC's annual market sizing exercise estimated that £9.4 billion had now been invested in social enterprises, charities and social purpose organisations.

In 2023 BSC received further investment of £8 million of dormant asset monies to support the resilience of social sector organisations to high energy costs.

On 29 April 2024, BSC announced publicly that it was changing its full name from "Big Society Capital" to "Better Society Capital". The Trust had voted in favour of this change at an Extraordinary Shareholders' Meeting held on 15 April 2024.

Access – the Foundation for Social Investment

Access works to ensure charities and social enterprises can access the finance they need to sustain or grow their impact.

Access was created in 2015, following a realisation that sustained efforts to grow the social investment market had not resulted in meeting the needs of many charities and social enterprises.

Typically, the type of finance that is suitable for most charities and social enterprises has not been readily available either because there was too much risk, or the size of investment was too small.

Equally, support for charities and social enterprises to grow their enterprise models and access investment was patchy, under-resourced, under-developed and uncoordinated.

Access' Strategic Priorities

Access wants to see an investment eco-system that works for all charities and social enterprises, helping to create stronger communities. It targets those most in need of patient and flexible investment through:

- Funding enterprise development and blended finance programmes in England.
- Sharing knowledge and data and translating it into practical insight that others can use.
- Mobilising others who share its goal of making capital work for communities.

Access's funding has focused on two strategic themes since its inception:

- ♦ **Demonstrating the value of blended finance** - By combining grants with repayable finance into a blended package, enabling intermediaries to provide smaller scale, higher risk, more patient and flexible, and affordable finance that meets the needs of a broad range of charities and social enterprises, particularly smaller organisations or those working in disadvantaged areas.

- ♦ **Championing enterprise development** - By supporting charities and social enterprises to develop enterprise models, helping organisations to find a more secure financial footing and build a more sustainable and resilient sector, better placed to meet the evolving needs of communities.

This includes deploying Dormant Assets at pace to communities in need – In 2023 Access deployed funds at a record rate and this looks set to continue into 2024. Since its inception, Access's commitments have leveraged additional investment from both private and philanthropic sectors, delivering at least an additional £113 million for charities and social enterprises. Just under half of their investments have been made in the 30% most deprived areas of England.

In March 2023, the government announced £31 million of immediate funding from dormant assets to help social enterprises and charities with the rising cost of energy and increased demands as a result of the wider cost-of-living crisis. By the summer of 2023, funds were up and running, enabling Access's partners to focus on how they can support organisations with their energy resilience and scaling solutions that deliver for the hardest-hit communities.

As well as delivering finance to the frontline, Access continues to focus on building a market fit for the future. Increasingly its focus is on sharing the learning generated, and mobilising action with a range of partners including social investors, foundations, and infrastructure bodies.

Access also seeks to maximise opportunities to generate impact and takes a "Total Impact" approach to investing its endowment. It seeks to align money with mission and deliver financial return alongside social and environmental impact. As a result, 54% of Access's endowment is invested in organisations delivering social impact, including 34% that is directly invested in UK charities and social enterprises.

2023 Performance

Access recorded an operating loss of £7.7 million in the year (2022: loss of £8.9 million). This is largely a result of the continued deployment of its initial endowment from DCMS, where the income was recognised upfront on receipt, and the expenditure is recognised as disbursed over the life of the spend-down endowment. The Board of Access determined during the year that it should continue in operation beyond its initially assumed 10 year life to continue to support blended finance initiatives in the social investment sector.

Achievements by Access in 2023 include:

- Announcement of continued Dormant Assets funding for social investment
- Launch of £11 million cost-of-living programme
- Rapid development of £20 million support package for energy efficiency
- Enabling deployment of £3.5 million in smaller scale, unsecured finance
- Facilitating the investment of £12 million in patient and flexible capital

Fair4All Finance Limited

Fair4All's vision is a society where the long-term financial wellbeing of all people is supported by a fair and accessible financial services sector. Its mission is to increase the financial resilience and wellbeing of people in vulnerable circumstances by increasing the availability of fair and accessible financial products and services.

By driving transformational sector change, it aims to increase the provision of products and services for people in vulnerable circumstances, improve people's wellbeing and have a positive impact on society and the economy as a whole.

Fair4All's Strategic Priorities:

- Increase availability of affordable credit to sustain and meet customer needs
- Partner with banks and financial services providers to increase access to products and services
- Develop the market to consistently provide products that meet the needs of all customers

Fair4All's programmes increase access to fair and affordable products and services in some of the most deprived areas of the country. It invests in organisations focused on providing financial products and services to people in vulnerable circumstances and catalyses investment in developing new products and services, supporting all financial service providers to better serve this customer group.

Its focus is on scale and impact – evidencing what works, supporting development and innovation in delivery and driving significant increase in scale and reach. It also identifies areas where regulatory and policy change could accelerate market development, based on research and evidence of what works in the UK and internationally.

Fundamentally, all of Fair4All's work focuses on whether it is changing the system for the better – so that the whole sector provides financially inclusive products and services in a sustainable way for everyone who needs them.

2023 Performance

Fair4All recognises income in Comprehensive Income from grants received equal to its expenditure on operating costs, grants and related expenditure and as a result records a break even position for Operating Profit in both 2023 and 2022; it recognises grant incomes related to investments made in third party organisations in Other Comprehensive Income rather than within operating results. This is adjusted on consolidation to meet the group income recognition policy where all such incomes are recognised in Comprehensive Income; as a result a surplus of £7,569k (2022: £6,450k) is recognised in the group accounts.

Fair4All published its first detailed impact report in 2023 showing the difference its collaborative work has already made to the organisations it supports, the people they serve and the wider financial services system.

Additional achievements include:

Through organisations it has supported

- 260 organisations have accessed its customer segmentation insights
- £60 million of additional funding has now been leveraged from its investments

The people they serve

- £65 million affordable credit responsibly lent by its Scale-Up investees in 2023
- 4,278 people have been given a stepping stone to financial resilience through the No Interest Loan Scheme pilot

The wider financial system

- 50+ cross industry stakeholders committed to action across its Financial Inclusion, Insurance and Ethnicity action groups
- £18 million social return generated from every £1 lent through its investee Fair for You's Food Club

Youth Futures Foundation Limited

Youth Futures Foundation is the national What Works Centre for youth employment, with a specific focus on marginalised young people.

It wants to see an equitable future society where all young people have the opportunity to be in good work.

Youth Futures focuses on young people aged 14-24 who face personal or systemic barriers to progressing into meaningful work, including:

- ethnic minorities, particularly those most at risk of facing disparities in the labour market
- young people with experience of the care system
- individuals with a learning disability or neurodiversity
- those with experience of the criminal justice system

We are witnessing worrying trends of long-term youth unemployment and economic inactivity that have taken root.

Youth Futures' Strategic Priorities

Youth Futures' work has two overarching objectives to bring about system change for marginalised young people:

- To find and generate high-quality evidence to better understand England's youth unemployment and inactivity challenge, and most importantly to learn what solutions work to address this. It does this through bringing together the best evidence already in existence and build on this by conducting original research and testing and evaluating promising interventions to produce much needed new evidence where there are gaps.

- To put evidence into action with policy makers and employers who have the means to make direct impactful change for young people. It does this through translating the evidence practically for stakeholders to use and understand, and through partnerships and engagement to influence, inform and support them as decision makers to back evidence-based interventions that work.

Throughout its work, it involves the voices, perspectives and participation of young people experiencing marginalisation, through their Future Voices Group, young Board members and beyond.

2023 Performance

YFF recognises income from its grant received as it utilises the relevant funds and so achieves break even in the year as it also did in 2022.

Performance highlights for Youth Futures in 2023 include:

- Publication of 27 research and evaluation papers, building understanding of the barriers to employment facing marginalised young people
- Launched the world's first Youth Employment Toolkit – which received 8,640 visits by the end of the year – bringing evidence to decision makers
- Secured £15m of additional Dormant Assets funding to launch a programme to prevent young people from not being in education, employment or training (NEET) prevention programme, Building Futures
- Launched Youth Futures' first employer and partnerships strategy which is already building a huge amount of momentum and influence in this space.

The Trust's Principal Risks and Uncertainties

The principal risks facing the Trust as a company have been identified by the Board as:

1. Potential changes to the Government's approach to the governance of the Scheme impacting on the nature of the Trust's role and any resulting impact on its funding needs.
2. The loss of key personnel, both at the Trust and at an OpCo.
3. Emerging compliance issues such as capital rules for the Trust as a holding company or environmental reporting requirements for the Group as a whole.
4. A high profile failure of an organisation within the Group could cause reputational damage to the Trust.
5. A cyber attack or IT failure in the Group.

More generally, a loss of confidence by stakeholders in the effectiveness of the Trust or delivery by the OpCos could result in a change to the policy directions of the Secretary of State at DCMS varying funding to the OpCos or the Trust itself.

Mitigation against these risks includes maintaining close contact with DCMS, ensuring strict adherence to the processes established for oversight; and the close monitoring of OpCos with the appointment of a Link Director for each OpCo to help identify any emerging issues at an early stage.

The Trust has established risk management systems including a Risk Register, identifying major risks and mitigants, that are regularly reviewed by the Trust's Board. Each of the OpCos maintains its own risk system and risk registers and their respective boards monitor these appropriately.

Key risks identified by OpCos include: Strategic, Performance, External and Operational risks. Within these categories there are risks including those associated with: influencing government and other stakeholders; programme delivery; culture and talent retention; and issues related to the broader geo-political environment and climate change.

An assessment of the risks for each OpCo is set out in more detail in each of their annual reports.

Group financial performance

The consolidated Financial Statements are set out on pages 26 to 56 below. The group's Consolidated Statement of Comprehensive Income for the year is shown on page 26 below.

BSC has been established with equity capital derived from dormant bank accounts. The Trust receives capital grants from NLCF in order to invest in the shares of BSC. At the end of 2023, the Trust has invested £434,345k (2022: £426,345k). BSC has received investment of £200m from its shareholder banks (Barclays, HSBC, Lloyds Banking Group and NatWest Group). The shareholder banks hold the minority interest set out in these financial statements – each bank's individual shareholding is limited to not more than 10% of the outstanding paid-up capital. BSC is a financial institution authorised by the Financial Conduct Authority and subject to its reporting and compliance requirements.

The Trust is the sole member of Access, Fair4All and Youth Futures and their results are included in full within the group's consolidated accounts subject to any necessary adjustments on consolidation. Each of these companies has received funding from the proceeds of Dormant Assets under grant agreements with NLCF and the Trust in accordance with policy directions provided by government. Access was also initially established through a £60.7m endowment from DCMS.

The group's investment portfolio is made up of a Social Impact Investment Portfolio and a Treasury Portfolio. The group's Social Impact Investment Portfolio comprises investments made by BSC and Fair4All to meet their objectives outlined above. The Treasury Portfolio represents capital held within the group before it is either drawn down into social impact investment or spent to further the Trust's and the subsidiary companies' objectives.

The group reports total revenue for 2023 of £52,443k (2022: £37,480k). Of this total, £42,693k is attributable to income from grants (2022: £24,691k). Combined revenue from the group's Social Impact Investment Portfolio and its Treasury Portfolio was £9,312k (2022: £12,451k), the reduction in income results principally from unfavourable valuation movements in BSC's social impact investments being at a lower level than in 2022.

The group incurred costs in 2023 of £50,121k (2022: £35,710k), of which £26,473k (2022: £22,411k) relates to administrative costs, whilst £23,648k (2022: £13,299k) relates to grant commitments incurred by group entities. Costs related to the employment of staff and directors remain the largest share of overall administrative costs at £12,182k, or 46% (2022: £12,156k, or 54%). Non-pay costs have increased during the year partly as a result of inflation but also as a result of certain consultancy and legal costs in support of the OpCos operations.

Grants payable have increased during the year by £10,349k with the increases in part due to both FairForAll and Youth Futures now substantially delivering their programme of investments.

The group's net assets at the end of the year were £681,026k (2022: £679,357k) - an increase of £1,669k.

The Trust, the group's parent company, reports total comprehensive income of £8,000k (2022: £nil). The company recognised income from grants of £8,432k (2022: £417k). At the end of the year, it held £706k (2022: £250k) of income received yet to be utilised in support of its operations.

A summary of the operating and financial performance of each of the group's OpCos is disclosed in the individual annual reports of the operating companies which are publicly available from Companies House.

Future developments and subsequent events

The Government has indicated there could be the potential for a further £880m of dormant assets in the UK that may be released under the expanded scheme over time, of which £738m would relate to England. The funds are able to flow once the processes for managing the new assets have been agreed with the financial services industry and its regulators. Aviva became the first financial institution in the Insurance and Pensions sector to join the Dormant Assets Scheme in June 2023.

Future distributions of dormant asset monies will be under the arrangements set out in both the 2008 and 2022 Acts (referred to collectively as the Dormant Assets Acts 2008 to 2022). An open consultation process was undertaken by DCMS in summer 2022 to consider what causes funding should be allocated under the expanded scheme. It concluded that the current causes: youth, financial inclusion and social investment wholesalers should continue to be supported with community wealth funds added as a new cause.

DCMS issued a Statement of Intent in September 2023 that the estimated £350m of Dormant Assets available for distribution in England 2024-2028 would be allocated equally between the four named causes. A more detailed statement on the apportionment of Dormant Asset allocations for England is expected at a date yet to be determined.

Within the Dormant Assets framework established for distributions in England, DCMS will be implementing recommendations arising from its governance review which have the potential to vary the role of the Trust.

The Trust as a Responsible Business

The Trust is an organisation comprising a Board of Directors and a sole employee: the Chief Executive Officer who also acts as Company Secretary. The Trust oversees the activities of four organisations, each with a different social mission, and it is tasked with ensuring good governance for these companies and that they adhere to their objects in order to deliver societal benefit.

The Board of Directors includes a Government Appointee nominated by DCMS and an Appointee nominated by NLCF. These individuals serve alongside the other Board members while also representing the perspectives of two key stakeholders in the organisation.

It is not within the Trust's remit to direct the day-to-day operations of the individual OpCos but, by ensuring they are well governed, the Trust receives assurance through reports from the companies that they are each acting responsibly.

Directors' duties

The directors have a duty to promote the success of the group for the benefit of its members (who under the Trust's corporate structure are themselves the directors), while having regard to the following (s172(1)) requirements:

(a) the likely consequences of any decision in the long term;

(b) the interests of the group's employees;

(c) the need to foster the group's business relationships with suppliers, customers and others;

(d) the impact of the group's operations on the community and the environment;

(e) the desirability of the group maintaining a reputation for high standards of business conduct; and

(f) the need to act fairly as between members of the group.

Long-term decisions

The objects of each of the OpCo's identify social benefits that are necessarily long-term in nature and each sets strategies to deliver over the course of multiple years. The nature of the Trust's oversight role is to look at strategic decision making by the OpCos together with their operational delivery to ensure they meet these objects and so contribute effectively to the success of the group.

The Trust engages in a quarterly review of each OpCo, with an annual more detailed assessment and an annual Governance Review. Each year an independent panel is commissioned by the Trust to produce a review of the impact and effectiveness of one of the OpCos (with each OpCo being reviewed over the course of four years) to ensure that longer term issues of systems change and impact delivery are reviewed and the effectiveness of each organisation in its long-term delivery of its mission can be assessed.

Interests of the group's employees

Each OpCo has a Governance Agreement with the Trust that includes Remuneration Principles that specify the approach to be taken to senior management remuneration. Remuneration and pay policy is discussed at least annually with each company as part of the Governance Review process and the results of staff surveys are considered to monitor staff engagement and to ensure that the culture of the organisation is appropriate for its role and objects.

Relationships with suppliers, customers and others

The Trust's governance agreements with the OpCos together with their funding agreements set out expectations of how each entity must comply with relevant regulation and best practice. In general the principles of public procurement regulations must be followed.

The Trust itself has a very limited number of suppliers, given its role; procurement is carried out on an open and fair basis where appropriate the Trust uses local social providers for any of its off-site venues and catering.

Community and environment

The Trust group has social and environmental objectives. Each OpCo has specific social related aims as outlined in their respective Articles and summarised above in this Strategic Report. The Trust is an enabler for the organisations in the group to make a positive contribution to the community and the environment. The Trust has acted to enhance environmental reporting across the group over the last year. The impact of the group on the environment through its own direct activities is relatively low with each OpCo having only small property requirements. The Trust itself has no fixed office location and utilises the resources of the OpCos as required to meet its needs. There are additional impacts as a result of investments, particularly in Social Housing, and the group is reviewing how it best records and reports these in order to help it to identify actions to minimise any impacts.

Business conduct

The Trust has established a Governance Agreement with each of the OpCos to ensure that it uses its powers as majority shareholder or sole member in an appropriate way. It does this by clearly outlining its powers and processes and how these will be used in relation to fulfilling the Group's aims and objectives. The annual governance reviews and the quadrennial reviews are key processes for ensuring that business practices are appropriate and consistent with the nature of the Group and its OpCos.

Act fairly between members

The Trust is a company limited by guarantee. The members of the Trust are its directors. Each has equal voting rights except on specific issues when the Government Appointee and the NLCF Appointee have restricted voting rights to ensure that public sector bodies are not able to veto certain key strategic decisions where a consensus decision is required. This is to ensure the Trust can operate in a way that is clearly independent of Government influence.

The Group has minority interests through the UK banks' shareholdings in BSC. BSC has positive relationships with its bank shareholders and engages closely with them on relevant matters such as the expected return on investments.

Summary Key Performance Indicators (KPIs) and Outturn

As an oversight organisation, the Trust looks at its performance in terms of due process and deliverables.

In 2020, the Trust designed and implemented governance processes for the OpCos in line with the Governance Agreements with each OpCo.

Each OpCo considers its performance against KPIs at its own Board meetings and review of these measures forms a key element of the update the OpCos provide to Quarterly Board meetings of the Trust. Each of these Board meetings focuses on the financial and operating performance information provided by all of the OpCos. This process includes an annual Deep Dive review of one OpCo each in turn at each quarterly Board meeting.

In 2022, the Trust commissioned its third OpCo Quadrennial Review. The review (following those of BSC in 2020, and Access in 2021) was of Fair4All and was published in January 2023 alongside responses from Fair4All and the Trust.

In 2023, the Trust commissioned its fourth OpCo Quadrennial Review of Youth Futures that was published in December 2023 alongside responses from Youth Futures and the Trust.

In February/March 2023, the Trust provided Assurance Statements to NLCF based on assurances provided by each OpCo in respect of their compliance with their obligations under their Governance Agreement.

The Trust has an annual allocation of monies from Dormant Assets limited to £500,000 and clear budget targets within this figure that it has successfully operated within to date.

Summary of future objectives and planned activities

For the time being, the Trust will continue to operate as the oversight body for the four OpCos following the established processes detailed above. There is an ongoing funding commitment from NLCF on the basis of directions from the Secretary of State for DCMS to support the operating costs of the Trust in fulfilling its oversight role.

The Trust will support DCMS as it expands the Dormant Assets Scheme by bringing other financial assets, in addition to bank and building society accounts, within the scope of the distribution arrangements. Government has estimated that £738m more Dormant Assets will be available for distribution for England over time. The role of the Trust in connection with the expanded scheme depends on a number of factors including: any enhancement to reporting (such as in relation to Impact reporting or value-for-money assessments) required and the potential for extending or otherwise changing the range of distributing bodies.

Each of the OpCos has established detailed strategic objectives (set out in their individual Annual Reports) and the Trust has a responsibility to ensure that these plans remain consistent with their stated objects.

This report was approved by the Board on ……26 July 2024…………………… and signed on its behalf.

………………………………………..

Sir Stuart Etherington

Chair

The Oversight Trust- Assets for the Common Good
Directors' Report

The directors present their report and audited consolidated financial statements for the year ended 31 December 2023.

Directors

The following persons served as directors during the year:

- Sir Stuart Etherington (also Chair)
- Nicola Pollock (also Senior Independent Director)
- Clara Barby (until 31 December 2023)
- Kevin Davis DL
- Helen England
- Joanna Fox (Government Appointee)
- Stephen Howard LVO
- Ian Hughes (National Lottery Community Fund Appointee)
- Andrew Rose
- Robert Bell (from 24 March 2023)
- David Lindsell (from 24 March 2023)
- Victoria Thornton (from 24 March 2023)

Remuneration

At its meeting on 20 February 2020, the Board decided that, in order to attract Directors with the required skills and from diverse backgrounds, remuneration should be offered (except to the Government and NLCF Appointees for whom any remuneration is included within their roles for those entities). It was agreed that the level of payment should reflect a discount to the average of the remuneration offered to the OpCos' paid Non-Executive Directors.

For 2023, the Board agreed that from 1 April 2023, the Trust's Directors should be offered £5,578 pa (£5,312 pa prior to this date). The Chair, who is also the highest paid director, is offered an additional £5,578 pa (£5,312 pa prior to this date) and the lead of the Quadrennial Review an additional £2,789 pa (£2,656 pa prior to this date). These sums are reviewed annually by the Nominations and Remuneration Committee, which makes recommendations to the Board to adjust the amount offered, taking into consideration factors such as changes in responsibilities, changes to remuneration in the broader sector and inflation.

The Trust incurred £58k (2022: £45k) in payments to directors for services rendered in the current year. As payments to Directors are paid semi-annually in March and September, £55k (2022: £44k) was actually paid to directors in the financial year.

Disclosure of the remuneration paid to the Directors of the group's operating companies are disclosed in the individual accounts of the operating companies which are publicly available from Companies House.

Group higher pay disclosure

The total number of employees in the group with annual remuneration of £60,000 or more and employed as at the period end were as follows:

	2023	2022
£60,000-£69,999	20	17
£70,000-£79,999	15	15
£80,000-£89,999	14	12
£90,000-£99,999	8	4
£100,000-£109,999	4	3
£110,000-£119,999	1	1
£120,000-£129,999	2	5
£130,000-£139,999	3	-
£140,000-£149,999	-	1
£150,000-£159,999	1	1
	68	59

46 (2022: 37) of these employees participate in Better Society Capital's pension scheme. Employees make a contribution of up to 8% of salary to the pension scheme. The company matches the employee contributions and pays an additional 3% of salary.

2 (2022: 2) of these employees participate in the Access company pension scheme. Employees make a contribution of a minimum of 4% of salary to the pension scheme. The company contributes 8% of salary.

8 (2022: 5) of these employees participate in Fair4All's stakeholder pension scheme set at 4% employer contribution and 4% employee contribution.

10 (2022: 7) of these employees participate in Youth Futures' stakeholder pension scheme set at 6% employer contribution and 5% employee contribution.

Financial Results

The total comprehensive income for the year, after taxation, amounted to £1,669k (2022: £1,774k). As a company limited by guarantee, the Trust does not pay dividends. Likewise three of the subsidiaries are also companies limited by guarantee and, while Better Society Capital is a company limited by shares, it also did not pay a dividend.

Directors' indemnity

Each company in the Group arranges directors' and officers' liability insurance to cover certain liabilities and defence costs.

Greenhouse Gas Emissions

The group has taken advantage of paragraph 20E 3(b) under the 'The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018' ('Streamlined Energy and Carbon Reporting regulations') not to disclose the energy and carbon reporting information of the group on the basis that neither the company nor its subsidiaries are required themselves to disclose such information.

Pillar III disclosures

The subsidiary company, Better Society Capital is regulated by the Financial Conduct Authority. The company makes disclosures on its website – www.bigsocietycapital.com – setting out its capital resources, risk exposures and risk management processes.

Political contributions

Neither the company nor any of its subsidiaries made any disclosable political donations or incurred any disclosable political expenditure during the year (2022: £nil).

Independent auditors

The company's auditors KPMG resigned following the 28 July 2023 Extraordinary Board meeting when the 2022 Annual Report and Accounts were approved. Following a tender process, PwC were appointed as auditors for the financial year ending 31 December 2023.

Interests of the Trust's Board

All Board members declare their interests in a register kept and updated by the Company Secretary, which is shared with the Trust Board collectively and each of the Trust's subsidiaries.

If the Board or Committee considers any matters which could reasonably be seen as giving rise to a conflict of interest, the Chair of the meeting ensures at the outset that disclosure is made and that the member withdraws while the relevant item is discussed.

The following table details all interests specifically relevant to the operation of the Trust within the 2023 financial year(2):

Name	Organisation Name	Details
Joanna Fox	Department for Digital, Culture, Media and Sport (DCMS)	Government appointee (1)
Ian Hughes	The National Lottery Community Fund (NLCF) We Don't Settle CIC (name changed from We Don't Settle Ltd in December 2023)	NLCF appointee (1) Non-Executive Director of a social enterprise whose focus of work aligns with the purpose of Youth Futures.
Sir Stuart Etherington	Bates Wells	Bates Wells provides legal services to the Group. Wife was a Partner until 31 March 2021. (2)
Stephen Howard	Power to Change Trustee Limited	Until December 2022, was Chair of organisation which makes investments alongside Better Society Capital

	Big Issue Invest Limited (BII)	Non-Executive Director of organisation; Better Society Capital is an investee in BII managed funds
Nicola Pollock	SASC Trust Local Trust	Chair of SASC Trust, Better Society Capital invests in funds managed by Social and Sustainable Capital LLP Vice chair of Local Trust which has a role similar to Community Wealth Funds that will be funded by Dormant Assets in the future
Helen England	Youth Futures Foundation Limited	Son was a Member of Youth Futures' Future Voices Group until December 2022.
David Lindsell	Joseph Rowntree Foundation	Son-in-law is CEO of Joseph Rowntree Foundation that has worked with BSC.

Notes:

(1) Both DCMS and NLCF provide funding to the Trust group. DCMS funding is subject to the approvals process for grants from central government departments. NLCF funding is provided under the terms of the Dormant Assets Act 2022 (previously the Dormant Bank and Building Society Accounts Act 2008). Funding from the English portion of these monies is directed by the Secretary of State for DCMS.

(2) Additional disclosures of Related Party Transactions are made in the Trust's financial statements.

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group and the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group and company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' confirmations
In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the group's and company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the group's and company's auditors are aware of that information.

Strategic report

In accordance with section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013, the group has chosen to include information required under schedule 7 of the Large and Medium-sized Companies and group (Accounts and Reports) Regulations 2008 within its Strategic Report. It has done so in respect of financial risk management objectives and policies and future developments.

Disclosure of information to auditors

Each person who was a director at the time this report was approved confirms that:

- so far as they are aware, there is no relevant audit information of which the group's auditors are unaware; and

- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the group's auditors are aware of that information.

This report was approved by the Board on ……26 July 2024…………………… and signed on its behalf.

………………………………………

Sir Stuart Etherington

Chair

The Oversight Trust- Assets for the Common Good
Independent Auditors' Report to the members of The Oversight Trust – Assets for the Common Good

Report on the audit of the financial statements

Opinion

In our opinion, The Oversight Trust - Assets for the Common Good's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2023 and of the group's and company's profit and the group's cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Consolidated Statement of Financial Position and the Company Statement of Financial Position as at 31 December 2023; the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows, the Company Statement of Comprehensive Income and the Company Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

The Oversight Trust- Assets for the Common Good
Independent Auditors' Report to the members of The Oversight Trust – Assets for the Common Good (continued)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and the Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and the Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and the Directors' Report for the year ended 31 December 2023 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and the Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to Dormant Assets Acts 2008 to 2022 and the Financial Conduct Authority regulations primarily defined by the Financial Services and Markets Act 2000, and we considered the extent to

Independent Auditors' Report to the members of The Oversight Trust – Assets for the Common Good (continued)

which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to bias in the judgements relating to the valuation of investments and the posting of inappropriate journal entries.. Audit procedures performed by the engagement team included:

- Enquiries with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Reviewing relevant meeting minutes, including those of the Board of Directors;
- Reviewing correspondence with the Financial Conduct Authority;
- Identifying and testing journal entries that met certain risk criteria;
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing; and
- Assessing and challenging the assumptions underlying the accounting estimates, including any valuation adjustments and overlays.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

CMay

Caroline May (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
26 July 2024

The Oversight Trust- Assets for the Common Good
Consolidated Statement of Comprehensive Income

For the year ended 31 December 2023

	Notes	2023 £'000	2022 £'000
Income from grants	**2**	42,693	24,691
Net investment income	**3**	9,312	12,451
Other income		438	338
Total income		**52,443**	**37,480**
Administrative and other expenses	**4**	(26,473)	(22,411)
Grant expenditure	**5**	(23,648)	(13,299)
Profit before taxation		**2,322**	**1,770**
Tax (charge)/credit on profit on ordinary activities	**7**	(653)	4
Profit for the financial year and total comprehensive income for the year		**1,669**	**1,774**
Total comprehensive income for the year attributable to:			
- Non-controlling interest	**21**	(1,897)	1,340
- Equity attributable to the parent	**20**	3,566	434
		1,669	**1,774**

There is no other comprehensive income.

The results above relate to continuing operations.

The notes on pages 30 to 56 form part of these financial statements.

The Oversight Trust- Assets for the Common Good
Consolidated Statement of Financial Position

For the year ended 31 December 2023

	Notes		2023 £'000		2022 £'000
Fixed assets					
Intangible assets	**8**		131		82
Tangible assets	**9**		194		164
Investments	**10**		420,949		399,411
			421,274		**399,657**
Current assets					
Debtors	**11**	3,128		2,139	
Investments	**12**	266,452		311,994	
Cash at bank and in hand	**13**	184,050		70,113	
		453,630		**384,246**	
Creditors: amounts falling due within one year	**14**	(168,705)		(78,326)	
Net current assets			**284,925**		**305,920**
Total assets less current liabilities			**706,199**		**705,577**
Creditors: amounts falling after more than one year	**14**		(25,158)		(26,212)
Provisions for liabilities					
Deferred taxation	**15**		(15)		(8)
Net assets			**681,026**		**679,357**
Capital and reserves					
Profit and loss account	**20**		483,424		479,858
Equity attributable to the parent			**483,424**		**479,858**
Non-controlling interest	**21**		197,602		199,499
Total equity			**681,026**		**679,357**

The notes on pages 30 to 56 form part of these financial statements.

The financial statements on pages 26 to 56 were approved by the Board of Directors on ……26 July 2024………………………… and signed on its behalf by:

Sir Stuart Etherington

Chair

Company registration number: 07611016

The Oversight Trust- Assets for the Common Good
Consolidated Statement of Changes in Equity

For the year ended 31 December 2023

	Non-controlling interest £'000	Profit and loss account £'000	Total £'000
At 1 January 2022	198,159	479,424	677,583
Profit and total comprehensive income for the financial year	1,340	434	1,774
At 31 December 2022	**199,499**	**479,858**	**679,357**
At 1 January 2023	199,499	479,858	679,357
(Loss)/profit and total comprehensive (expense)/income for the financial year	(1,897)	3,566	1,669
At 31 December 2023	**197,602**	**483,424**	**681,026**

The notes on pages 30 to 56 form part of these financial statements.

The Oversight Trust- Assets for the Common Good
Consolidated Statement of Cash Flows
For the year ended 31 December 2023

	Notes	2023 £'000	2022 £'000 Restated
Operating activities			
Operating profit		2,322	1,770
Adjustments for:			
Depreciation and amortisation		156	128
Loss on disposal of tangible asset		-	5
		2,478	**1,903**
(Increase)/decrease in debtors		(858)	383
Increase/(decrease) in creditors		89,325	(87)
		90,945	**2,199**
Returns on fixed asset investments		5,122	(9,812)
Returns on current asset investments		(1,690)	2,424
Payments to acquire fixed asset investments		(67,233)	(63,990)
Payments to acquire current asset investments		(125,829)	(118,778)
Proceeds from sale of fixed asset investments		49,113	48,214
Proceeds from sale of current asset investments		145,491	100,459
Foreign exchange losses/(gains)		209	(1,404)
Corporation tax (paid)/received		(777)	187
Cash generated from/(used in) operating activities		**95,351**	**(40,501)**
Investing activities			
Payments to acquire tangible and intangible fixed assets		(235)	(131)
Payments to acquire fixed asset investments		(8,227)	(7,150)
Payments to acquire current asset investments		(1,408)	-
Proceeds from sale of current asset investments		6,516	5,695
Cash used in investing activities		**(3,354)**	**(1,586)**
Net cash generated			
Cash generated from/(used in) in operating activities		95,351	(40,501)
Cash used in investing activities		(3,354)	(1586)
Net increase/(decrease) in Cash and cash equivalents		**91,997**	**(42,087)**
Cash and cash equivalents at 1 January		125,159	167,246
Cash and cash equivalents at 31 December	13	**217,156**	**125,159**
Cash and cash equivalents comprise:			
Cash at bank		184,050	70,113
Current asset investments (maturity less than three months from the date of acquisition)		33,106	55,046
	13	**217,156**	**125,159**

The notes on pages 30 to 56 form part of these financial statements.

The Oversight Trust- Assets for the Common Good
Notes to the Financial Statements
For the year ended 31 December 2023

1 Summary of significant accounting policies

The consolidated financial statements for the group comprise the company and its subsidiaries (together referred to as "the group").

Basis of preparation

The financial statements have been prepared in accordance with FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland” (“FRS 102”) and the requirements of the Companies Act 2006, including the provisions of the Large and Medium-sized Companies and groups (Accounts and Reports) Regulations 2008.

The financial statements have been prepared on a going concern basis, under the historical cost convention, except for certain financial instruments which are stated at their fair value, as detailed in the ‘Basic financial instruments’ accounting policy below.

The group's functional currency is pounds sterling, and the group's financial statements are rounded to the nearest thousand pounds.

Going concern

The financial statements have been prepared on the going concern basis. The group has built cumulative reserves in the profit and loss account since inception of £483,424k and has reported a profit for the year of £1,669k. The group had cash and current asset treasury investments of £450,502k at the year end which is enough to cover its outstanding commitments at year end. The Directors have reviewed the group’s future liquidity projections in the light of the prolonged macroeconomic uncertainty, continuing inflation risks and higher interest rates and considered the potential implications of these on future company operations. Whilst there are significant wider market uncertainties which may impact portfolio investments, the Directors do not believe these will significantly impact the overall liquidity of the group and believe that the group has sufficient existing treasury balances to enable it to meet its investment and other obligations and to continue in operational existence for at least the next 12 months from the date of approval of the financial statements. Further information on this is set out in the Strategic Report Under Group Funding. For this reason, the Directors have adopted the going concern basis in preparing these financial statements.

Basis of consolidation

The consolidated financial statements incorporate the company and its subsidiaries. Control is achieved where the group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The Trust has 80% of voting rights in Better Society Capital Limited and is the sole member of its remaining three subsidiaries: Access - The Foundation for Social Investment, Fair4All Finance Limited, and Youth Futures Foundation Limited. All financial statements are made up to 31 December.

All intra-group transactions, balances, income, and expenses are eliminated in full on consolidation.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by subsidiaries in their own financial statements with those accounting policies of the group.

Non-controlling interest

Non-controlling interests are included in the Consolidated Statement of Financial Position at an amount which represents their proportionate share of net assets. Changes in the ownership percentage of the non-controlling interests are accounted for as deemed acquisitions or disposals.

The Oversight Trust- Assets for the Common Good

Notes to the Financial Statements (continued)

Use of judgements and estimates

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Fair value measurement of fixed asset investments and current asset investments

The most significant area of estimation is the determination of the fair value for Level Two and Three investments. This is discussed below, in the accounting policy 'financial instruments – iii) Fair value measurement'. Any changes in the fair value measurement will impact the carrying value of investments.

Foreign currency

Transactions in foreign currencies are translated to the individual companies' functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the Statement of Financial Position date are translated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the Statement of Comprehensive Income.

Subsidiaries and Associates held as part of an investment portfolio

The group, through Better Society Capital has investments that may be regarded as subsidiary or associated undertakings, which might require these to be consolidated using the equity method of accounting. As these investments are held as part of an investment portfolio, they have not been consolidated in the group accounts, and are measured at fair value with changes in fair value recognised in profit or loss in accordance with FRS 102 sections 9.9C(a), 14.4(c) and 15.9(c).

Recognition of government grants

Access' endowment from the Cabinet Office, overseen through the Department for Culture, Media and Sport since 2016, is recognised as income in the period in which the charitable company is entitled to receipt, the amount can be measured reliably and it is probable that the funds will be received. Better Society Capital's capital grants from the Department for Levelling Up, Housing and Communities are included within deferred income in the Consolidated Statement of Financial Position and credited to the Statement of Comprehensive Income over the expected useful lives of the assets to which they relate. All other government grants are included within deferred income in the Consolidated Statement of Financial Position and credited to the statement of comprehensive income in the period in which the related costs are incurred.

Recognition of grants from the National Lottery Community Fund (NLCF)

Grants received under Funding Agreements from the NLCF – being a public body – are included within deferred income in the Consolidated Statement of Financial Position. Where costs that are not capitalised are incurred, NLCF grant funding is credited to the statement of comprehensive income in the period in which the related costs are incurred. Where costs that are capitalised are incurred, NLCF grant funding is credited to the statement of comprehensive income in the period in which the related costs are capitalised.

Amounts received by Access from the NLCF to distribute to investors through the Growth Fund are not under the control of the charity, and are therefore not recognised in the Statement of Comprehensive Income. The fee Access receives for administering these funds is also included within deferred income in the Consolidated

Statement of Financial Position and credited to the statement of comprehensive income in the period in which the related costs are incurred.

Management fees

Management fees earned from portfolio management services provided to Schroder BSC Social Impact Trust are recognised on an accruals basis throughout the year when it is probable that the economic benefits will flow to the group.

Interest

Interest income is recognised either using the effective interest method or on an accruals basis, depending upon whether the financial asset is measured at amortised cost or whether it has been designated upon initial recognition as at fair value through profit or loss.

The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial instrument to the carrying amount of the financial instrument. When calculating the effective interest rate, the company estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses.

Grant expenditure

Grants are recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably.

All grants are accounted for on an accruals basis.

Net gains or losses from financial assets designated as at fair value through profit or loss

Net gains or losses from financial assets designated as at fair value through profit or loss includes all realised and unrealised fair value changes.

Financial instruments

i.) Recognition and initial measurement

Financial assets designated as at fair value through profit or loss are recognised initially at cost, with transaction costs recognised in profit or loss and subsequently at fair value except when no reliable current measure of fair value is available, in which case the investment is measured at cost less any impairment.

Financial assets or financial liabilities measured at amortised cost are recognised initially at transaction price and subsequently at amortised cost, using the effective interest method less any impairment losses as assessed below.

Investments within the Social Impact Investment Portfolio, in which the group has significant influence, are held as part of an investment portfolio rather than qualifying as subsidiaries, associates or joint ventures, and are measured at fair value with changes recognised in profit or loss. The group recognises its investments within the Consolidated Statement of Financial Position, on the date on which investments are signed and a drawdown notice has been received by the group. Additionally the group discloses commitments at two distinct stages: commitments contracted but not drawn down and in principle commitments approved but not signed. Details are set out in Note 22 – Capital commitments.

ii.) Classification

The group classifies its financial instruments into the following categories:

<u>Financial assets at fair value through profit or loss</u>

Designated as at fair value through profit or loss – listed debt securities, social bonds, equity, multi-asset funds, social impact bond investments and derivative financial instruments.

<u>Financial assets at amortised cost</u>

Debt investments meeting relevant conditions, cash at bank and in hand, cash deposits (included in investments held as current assets), accrued income and other debtors.

<u>Financial liabilities at amortised cost</u>

Trade creditors, accruals and other creditors.

<u>Financial liabilities at fair value through profit or loss</u>

Derivative financial instruments.

Note 16 – Financial risk management and financial instruments provides a reconciliation of line items in the Statement of Financial Position to the categories of financial instruments.

iii.) Fair value measurement

As described in Note 17 – Valuation of financial instruments, the group uses a three-level hierarchy for fair value measurement disclosure. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date.

The group’s investment portfolio is held through a variety of fund and other structures, including Limited Partnerships, Limited Liability Partnerships and Limited Companies amongst others. In determining a fair value using Level 3 valuation techniques, the group applies the principles included in the 'International Private Equity and Venture Capital Valuation Guidelines' (2022 edition):

The majority of the group’s investments are funds measured at fair value through profit or loss based on the net asset value (“NAV”) of the fund at the year end. The group’s valuation of fund investments is, therefore, dependent upon estimations of the valuation of the underlying investments in each fund. To value such investments, management obtains the latest audited financial statements or unaudited investor reporting of the investments and discusses further movements with management of the funds following consideration of whether the funds follow the International Private Equity and Venture Capital Guidelines (“IPEV Guidelines”). Not all fund investments have coterminous year-ends with the group. Management may also perform further procedures to determine whether the valuation of the underlying investments has been prepared in accordance with appropriate valuation policies and these valuations will be adjusted by the group where necessary based on IPEV Guidelines.

Non-fund investments are also valued following IPEV guidelines using market, income or replacement cost approaches such as the price of a recent investment, discounted cash flows and NAV among others. An assessment will be made at each measurement date as to the most appropriate valuation methodology.

Fair value estimates that are based on observable market data will be of greater reliability than those based on estimates and assumptions and, accordingly, where there have been recent investments by third parties, the price of that investment will generally provide a basis of the valuation. If this methodology is used, its initial use and the length of period for which it remains appropriate to use the calibration of last round price depends on the specific circumstances of the investment, and the group will consider whether this basis remains appropriate each time valuations are reviewed. In all cases, valuations are based on the judgement of the Directors and upon available information believed to be reliable, which may be affected by conditions in the financial markets. Due to the inherent uncertainty of the investment valuations, the estimated values may differ significantly from the values that would have been used, had a ready market for the investments existed, and the differences could be material. Due to this uncertainty, the group may not be able to sell its investments at the carrying value in these financial statements when it desires to do so or to realise what it perceives to be fair value in the event of a sale.

iv.) Impairment

A financial asset not classified at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence of impairment. A financial asset or a group of financial assets is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset(s), and that loss event(s) had an impact on the estimated future cash flows of that asset(s) that can be estimated reliably.

v.) Derivative financial instruments

The group holds derivative financial instruments to manage its exchange risk exposure from its managed treasure assets (debt securities), denominated in USD and EUR. Derivatives are recognised initially at fair value with any attributable transaction costs recognised in the statement of comprehensive income as incurred. After initial recognition derivatives are measured at fair value and changes recognised in the statement of profit and loss as incurred, the fair value reflects the estimated amount the group would receive or pay in an arm's length transaction. This amount is determined based on observable exchange rates.

vi.) Offsetting

Financial assets and liabilities are offset and the net amount presented in the Consolidated Statement of Financial Position when, and only when, the group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under UK GAAP e.g. for gains and losses arising from a group of similar transactions, such as gains and losses from financial instruments at fair value through profit or loss.

vii.) Derecognition

Financial assets are derecognised only when the contractual rights to the cash flows from the assets expire, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Investments held as current assets

The group classifies investments (cash deposits, social bonds, multi-asset funds or other debt securities) that cannot be readily realised within 24 hours, but can be realised within 12 months as investments held as current assets.

Cash and cash equivalents

Cash and Cash Equivalents are represented by cash in hand and investments held that have a maturity or period of notice of less than three months from the date of acquisition.

Intangible fixed assets

Intangible fixed assets are initially recognised at cost and are subsequently measured at cost less accumulated amortisation and any accumulated impairment losses.

Amortisation is provided on all intangible assets to allocate the depreciable amount of the assets to their residual values over their estimated useful lives, on a straight-line basis as follows:

Software development	Over 3 years

Tangible fixed assets

Tangible fixed assets are initially recognised at cost and are subsequently measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Leasehold land and buildings	Over the lease term
Fixtures, fittings, tools and equipment	Over 2 to 4 years

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited to profit or loss.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the Consolidated Statement of Financial Position date, and any adjustment to tax payable in respect of previous years. Taxable profit differs from total comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense as incurred.

Retirement benefits

The group operates defined contribution pension schemes. Contributions are charged to the statement of comprehensive income as they become payable in accordance with the rules of the schemes.

Leases

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the statement of comprehensive income on a straight-line basis over the period of the lease. This similarly applies to related lease incentives e.g. rent-free periods.

2 Income from grants

	2023	2022
	£'000	£'000
Grant income from the National Lottery Community Fund	40,265	23,285
Other government grant income	2,428	1,270
Other grant income received	-	136
	42,693	**24,691**

Under the terms of its funding agreement to support its role in oversight of the operating companies, the Trust received grants from NLCF in 2023 totalling £877k. This grant income is included in deferred income and credited to the statement of comprehensive income in the period in which the related costs are incurred. During the year the Trust utilised £421k (2022: £417k) of these funds. During the year, the Trust also received a grant of £8,000k (2022: £nil) enabling it to invest in Better Society Capital shares and so to provide funding to BSC in line with the sums allocated to it by DCMS.

As described in the Strategic Report, Dormant Asset funding commitments to the OpCos have been made under funding agreements with NLCF. To date, these agreements total: Access £83m; Fair4All £145m and Youth Futures £125.35m

Access recognised income from grants from NLCF of £10,443k (2022: £2,046k); it received a further £76k (2022: £110k) under a service level agreement with NLCF to administer the Growth Fund.

Fair4All Finance Limited recognised income from grants from NLCF in 2023 of £4,475k (2022 £3,916k) and a further £7,569k (2022: £6,450k) of funding was recognised in consolidation for the group accounts against the cost of social investments in order to meet the group grant recognition policy with respect to the use of funding from grants received or receivable.

YFF released £9,281k (2022: £9,946k) of deferred grant funding in respect of grants made and operating costs.

During the prior year, BSC received £10,000k from the Ministry of Housing, Communities and Local Government (subsequently renamed the Department for Levelling Up, Housing and Communities). Monies raised from this grant are to be ring-fenced for drawdown into participating social impact investment vehicles, with the aim of delivering accommodation for rough sleepers, those at risk of rough sleeping, and the homeless. The agreement provides for money to be clawed back by the grantor, if and only if Better Society Capital breaks the terms of the grant agreement within a 30-year period, and is additional to £15,000k of capital funding received in 2021, alongside a £750k revenue grant for project evaluation for which income is being released against costs. During the year, £862k (2022: £710k) of these funds has been recognised as income.

3 Net investment income

	2023 £'000	2022 £'000 Restated*
Total net investment income	9,312	12,451
Represented by:		
Revenue		
Social Impact Investment Portfolio	8,261	7,276
Treasury Portfolio	9,672	6,172
	17,933	**13,448**
Investment gains/(losses)		
Social Impact Investment Portfolio	(12,414)	3,469
Treasury Portfolio	3,793	(4,466)
	(8,621)	**(997)**

3a Total Revenue - Social Impact Investment Portfolio

	2023 £'000	2022 £'000 Restated*
Net investment income	(4,153)	10,745
Represented by:		
Revenue		
Income distributions from investment vehicles	4,073	4,210
Interest income on financial assets designated as fair value	1,994	1,798
Interest income on financial assets carried at amortised cost	1,283	851
Dividend income from financial assets designated as fair value	890	400
Fees received	21	17
	8,261	**7,276**
Investment (losses)/gains		
Net (losses)/gains from financial assets designated as fair value	(12,148)	3,440
Net (losses) from financial assets carried at amortised cost	47	(329)
Net foreign exchange (losses)/gains from financial assets designated as fair value	(313)	358
	(12,414)	**3,469**

*The directors have presented income distributions from investment vehicles as revenue in the current year rather than as net (losses)/gains from financial assets designated as fair value, to align with the presentation of interest and dividend income from investments. Accordingly, the prior year comparatives have been restated to move £4.2 million of income distributions from net investment (losses)/gains to income to be comparable with the current year presentation.

3b Total Revenue - Treasury Portfolio

	2023 £'000	2022 £'000
Net investment income	13,465	1,706
Represented by:		
Revenue		
Interest income on financial assets designated as fair value	4,549	1,462
Interest income on financial assets designated as amortised cost	4,976	4,558
Dividend income on financial assets designated as fair value	147	152
	9,672	**6,172**
Investment gains/(losses)		
Net gains/(losses) from financial assets designated as fair value	3,359	(4,752)
Net gains/(losses) from financial assets carried at amortised cost	253	(180)
Net gains/(losses) on currency forward derivatives	1,405	(4,378)
Net foreign exchange (losses)/gains from financial assets carried at amortised cost	(1,224)	4,844
	3,793	**(4,466)**

As described in the Strategic Report on pages 7 to 17 the income and valuation movements on the Social Impact Investment Portfolio reflect the continued growth of the portfolio and the current stage of the company's social impact investments, as these move to a more mature, fully invested position, as well as the expected volatility due to the long-term nature of the investments and the use of fair value accounting to value them. As described in Note 17 – Valuation of financial instruments, one of the valuation techniques applied is to value the investments on the basis of their Net Asset Valuation. This results in the recognition of set-up costs, management fees and other expenses paid to fund managers, as they are incurred by the investee.

During 2023, the company made investments in foreign currency denominated assets. As outlined in Note 16 – Financial risk management and financial instruments, the foreign exchange risk of the managed Treasury assets (debt securities) is handled with currency forward derivative contracts. Any gains/losses on the revaluation of foreign currency denominated assets offset the corresponding gains/losses on the currency forward derivatives to the extent that the derivatives match the underlying currency exposure. During 2023, the exchange loss on foreign currency denominated debt securities was £1,224k (2022: gain of £4,844k), which was offset by a gain on the currency forward derivatives in 2023 of £1,405k (2022: loss of £4,378k), resulting in a net foreign exchange gain of £181k (2022: £466k).

4 Administrative and other expenses

	2023 £'000	2022 £'000
Wages and salaries	9,236	9,453
Non-Executive Directors' fees	341	288
Social security costs	1,258	1,140
Pension costs	1,020	804
Staff-related costs, including recruitment, training and travel	1,201	989
Interim staff and secondee fees	327	471
Premises	1,057	1,177
Consultancy fees	2,981	2,719
Marketing and events	621	504
Research	652	624
Audit fees	275	208
IT and website development costs	798	807
Legal and other professional fees	3,702	2,340
Amortisation of intangible assets (refer to note 8)	45	19
Depreciation of owned fixed assets (refer to note 9)	111	109
General and administrative expenses	2,499	358
Total administrative expenses	**26,124**	**22,010**
Treasury management fees	349	401
Total other expenses	**349**	**401**
Total administrative and other expenses	**26,473**	**22,411**

Amounts receivable by the group's auditors and their associates in respect of:	2023 £'000	2022* £'000
Audit of these financial statements	43	28
Audit of financial statements of subsidiaries of the company	125	138
Other assurance services	107	26
Taxation compliance services	-	16
	275	**208**

*The 2022 audit fees were payable to KPMG, the former auditors.

The Directors have agreed with the group's auditors that the auditors' liability to damages for breach of duty in relation to the audit of the group and company's financial statements for the year to 31 December 2023 will be limited to the greater of £5 million or five times the auditors' fees for the statutory audit and that, in any event, the auditors' liability for damages will be limited to that part of any loss suffered by the group and company as is just and equitable having regard to the extent to which the auditors, the group and company and any third parties are responsible for the loss in question. The shareholders approved this limited liability agreement, as required by the Companies Act 2006, by a resolution dated 18 September 2023.

Included in the administrative expenses above are staff costs totalling £12,182k (2022: £12,156k).

4 Administrative and other expenses (continued)

A breakdown of the total number of employees, including Directors, with annual remuneration of £60,000 or more and employed as at the period end is disclosed in the Directors' Report on pages 18 to 22 above.

Average number of employees during the year	**2023**	**2022**
Access - The Foundation for Social Investment	10	8
Better Society Capital Limited	92	82
Fair4All Finance Limited	48	32
Oversight Trust - Assets for the Common Good	1	1
Youth Futures Foundation Limited	51	43
	202	**166**

5 Grant expenditure

	2023	**2022**
	£'000	**£'000**
Grant expenses	23,648	13,299
	23,648	**13,299**

Each of Access, Fair4Aall and YFF make grants to meet their strategic aims. Grants are recognised on an accruals basis for the full amount of the grant approved where payments due fall in future periods.

6 Directors' and key management personnel emoluments

The Trust incurred £61k (2022: £44k) in payments to directors for services rendered in the current year, £18k (2022: £11k) was outstanding at year end. Including employer's national insurance, £198k (2022: £166k) was paid to the key management personnel (including the non-executive directors) of the Group; no pension contributions were made during the current or prior years.

Disclosure of the remuneration paid to the Directors of the group's operating companies are disclosed in the individual accounts of the operating companies which are publicly available from Companies House.

7 Tax on profit

	2023 £'000	2022 £'000
Analysis of charge/(credit) in period		
Current tax:		
- UK corporation tax on profits of the period	665	111
- Adjustments in respect of previous periods	(19)	(112)
	646	**(1)**
Deferred tax:		
- Origination and reversal of timing differences	7	(3)
	7	**(3)**
Tax charge/(credit) on profit on ordinary activities	**653**	**(4)**

Factors affecting tax charge for period

The differences between the tax assessed for the period and the standard rate of corporation tax are explained as follows:

	2023 £'000	2022 £'000
Profit before tax	2,322	1,770
Standard rate of corporation tax in the UK	23.52%	19.0%
Profit before tax on ordinary activities multiplied by the standard rate of corporation tax	546	336
Effects of:		
Capital grant income not subject to tax	-	(1,302)
Losses relating to the group's charitable entities	1,813	1,686
Income not taxable and/or expenses not allowable for tax purposes	(4,883)	(1,085)
Capital allowances for period in excess of depreciation	(15)	1
Utilisation of tax losses	-	459
Adjustments in respect of previous periods	(19)	(112)
Deferred tax – origination and reversal of timing differences	8	(3)
Unrecognised tax losses to carry forward	3,225	-
Movement in deferred tax not recognised	(22)	16
Total tax charge/(credit) for period	**653**	**(4)**

The corporation tax main rate (for all profits except ring-fenced profits) for the year starting 1 April 2023 increased to 25%.

8 Intangible assets

	Software development £'000
Cost	
At 1 January 2023	167
Additions	94
At 31 December 2023	**261**
Accumulated amortisation	
At 1 January 2023	85
Provided during the year	45
At 31 December 2023	**130**
Carrying amount	
At 31 December 2023	**131**
At 31 December 2022	82

9 Tangible assets

	Leasehold land and buildings £'000	Fixtures, fittings, tools and equipment £'000	Total £'000
Cost			
At 1 January 2023	**363**	**689**	**1,052**
Additions	-	141	**141**
Disposals	(330)	(277)	**(607)**
At 31 December 2023	**33**	**553**	**586**
Accumulated Depreciation			
At 1 January 2023	**348**	**540**	**888**
Charge for the year	6	105	**111**
Eliminated on disposal	(330)	(277)	**(607)**
At 31 December 2023	**24**	**368**	**392**
Carrying amount			
At 31 December 2023	**9**	**185**	**194**
At 31 December 2022	**15**	**149**	**164**

10 Investments

	2023 £'000	2022 £'000 Restated
Social Impact Investment Portfolio		
At 1 January	399,411	366,616
Additions	75,460	70,840
Sale proceeds	(41,013)	(40,924)
Income distributions	(8,100)	(7,290)
Income accrued	7,605	6,700
Investment (loss)/gain	(12,414)	3,469
At 31 December	**420,949**	**399,411**

*The directors have presented income distributions from investment vehicles as revenue in the current year rather than as net (losses)/gains from financial assets designated as fair value, to align with the presentation of interest and dividend income from investments. Accordingly, the prior year comparatives have been restated to move £4.2 million from investment gain to income accrued to be comparable with the current year presentation.

The group holds 20% or more of the share capital of the following undertakings:

Investment name	Registered office address/ principal place of business[1]	Class of shares held	BSC % as at 31 December 2023	Aggregate capital and reserves of the entity[2] £'000	Aggregate profit/(loss) for the year of the entity[2] £'000
Ada Ventures Soc I LP	16 Great Queen Street, London WC2B 5AH	Partnership interest	100.00	2,675	(260)
Ada Ventures Soc II LP	16 Great Queen Street, London WC2B 5AH	Partnership interest	100.00	N/A[3]	N/A[3]
BBRC Homes Limited	Desklodge House, 2 Redcliffe Way, Bristol, BS1 6NL	Partnership interest	20.00	N/A[3]	N/A[3]
Bethnal Green Ventures LLP	63/66 Hatton Garden, Fifth Floor, Suite 23, London C1N 8LE	Partnership interest	35.35	3,390	(60)
BGV Birdcage LP	63/66 Hatton Garden, Fifth Floor Suite 23, London, EC1N 8LE	Partnership interest	80.00	N/A[3]	N/A[3]
Big Issue Invest IV LP	113-115 Fonthill Road, London, N4 3HH	Partnership interest	30.00	N/A[3]	N/A[3]
Big Issue Invest Outcomes Investment Fund LP	113-115 Fonthill Road, Finsbury Park, London N4 3HH	Partnership interest	85.00	5,998	(742)
Big Issue Invest Social Enterprise Investment Fund II LP	113-115 Fonthill Road, Finsbury Park, London N4 3HH	Partnership interest	62.98	12,894	864
Bridges Evergreen BSC Housing Co-Investment LP	38 Seymour Street, London W1H 7BP	Partnership interest	100.00	349	(5)
Bridges Evergreen Capital Limited Partnership	38 Seymour Street, London W1H 7BP	Partnership interest	36.66	66,756	9,654
Bridges Social Impact Bond Fund LP	38 Seymour Street, London W1H 7BP	Partnership interest	44.52	2,084	(14)
Bridges Social Interim LP	38 Seymour Street, London W1H 7BP	Partnership interest	99.98	(29)	(3)
Cheyne Social and Affordable Housing High Impact (I) LP	94 Solaris Avenue Camana Bay 1348, Grand Cayman, Ky1-1108, Cayman Islands	Partnership interest	100.00	918	6

City Funds LP	Narrow Quay House, Narrow Quay, Bristol BS1 4QA	Partnership interest	50.00	6,393	(84)
Community Owned Renewable Energy LLP	W106 Vox Studios, 1-45 Durham Street, London SE11 5JH	Partnership interest	50.00	18,898	700
CT UK Residential Real Estate FCP-RAIF	49, JF Kennedy Avenue, L-1855 Luxembourg	Registered shares	28.74	34	(1)
Eka Ventures 1 LP	Flat 1, Knaresborough House, 5-7 Knaresborough Place, London SW5 0TN	Partnership interest	99.25	5,600	496
Fair By Design Venture Limited Partnership	10 Orange Street, Haymarket, London WC2H 7DQ	Partnership interest	40.86	14,585	5,252
Funding Affordable Homes SICAV SIF S.A.	18 Savile Row, London W1S 3PW	Registered shares	25.97	55,186	(863)
Impact Ventures SA, SICAV-SIF	9, Allée Scheffer L-2520 Luxembourg	Registered shares	41.59	18,766	(432)
National Homelessness Property Fund 2 Limited Partnership	The Great Barn, 5 Scarne Court, Hurdon Road, Launceston, Cornwall PL15 9LR	Partnership interest	32.37	60,115	(3,986)
National Homelessness Property Fund Limited Partnership	The Great Barn, 5 Scarne Court, Hurdon Road, Launceston, Cornwall PL15 9LR	Partnership interest	34.30	44,220	1,555
Nesta Impact Investments 1 Limited Partnership	58 Victoria Embankment, London EC4Y 0DS	Partnership interest	45.46	8,530	(472)
North East Social Investment Fund Limited Partnership	5th Floor, 27-35 Grainger Street, Newcastle upon Tyne, Tyne and Wear NE1 5JE, UK	Partnership interest	57.35	3,240	(164)
Public Services Lab LLP	Queens Insurance Building Suite 3a, 24 Queen Avenue, Liverpool L2 4TZ	Partnership interest	28.48	363	222
Resonance Everyone In Limited Partnership	The Great Barn, 5 Scarne Court, Hurdon Road, Launceston, Cornwall PL15 9LR	Partnership interest	44.72	14,583	(1,265)
Resonance Supported Homes Fund Limited Partnership	The Great Barn, 5 Scarne Court, Hurdon Road, Launceston, Cornwall PL15 9LR	Partnership interest	32.81	8,811	(92)
SASH Sidecar LP	4th Floor Phoenix House, 1 Station Hill, Reading, Berkshire, United Kingdom, RG1 1NB	Partnership interest	100.00	3,957	34
Schroder BSC Social Impact Trust	1 London Wall Place, London EC2Y 5AU	Ordinary	26.78	88,753	620
Shared Lives Investments LP	131-151 Great Titchfield Street, London W1W 5BB	Partnership interest	37.93	241	(74)
Social and Sustainable Housing II LP	4th Floor Phoenix House, 1 Station Hill, Reading, Berkshire, United Kingdom, RG1 1NB	Partnership interest	28.84	N/A[3]	N/A[3]
Social Finance Care and Wellbeing Investments LLP	C/o Social Finance Limited, 87 Vauxhall Walk, London SE11 5HJ	Partnership interest	50.00	2.014	(484)
Social Growth Fund 2 LLP	3rd Floor 27 George Street, Edinburgh, Scotland, EH2 2PA	Partnership interest	46.15	7,440	(113)

The Charity Bank Limited	Fosse House, 182 High Street, Tonbridge, Kent TN9 1BE	Ordinary	51.06	358,050	,716
The Community Investment Fund L.P.	4th Floor,, Phoenix House, 1 Station Hill, Reading, Berkshire, United Kingdom, RG1 1NB	Partnership interest	55.17	13,914	377
The Good Food Ventures LP	4th Floor, 20 Air Street, London W1B 5DL	Partnership interest	29.92	1,112	(228)
The Third Sector Investment Fund LLP	4th Floor Phoenix House, 1 Station Hill, Reading, Berkshire, United Kingdom, RG1 1NB	Partnership interest	90.78	11,518	551
Women in Safe Homes Limited Partnership	The Great Barn, 5 Scarne Court, Hurdon Road, Launceston, Cornwall PL15 9LR, UK	Partnership interest	34.61	12,141	(959)
Zamo Capital 1 Limited Partnership	7 Opal Apartment, 23 Hereford Road, London W2 5AH	Partnership interest	100.00	2,310	(495)
Zinc 2 VB LP	24 Old Bond Street, London, W1S 4AP	Partnership interest	50.44	1,131	(224)

The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 requires that:

[1] for unincorporated undertakings, the address of its principal place of business is stated.

[2] for all undertakings where the company's holding is 50% or greater, and for undertakings where the company's holding is 20% or greater and the undertaking is required by any provision of the 2006 Companies Act to deliver a copy of its balance sheet, the aggregate amount of the capital and reserves of the undertaking as at the end of its relevant financial year, and its profit or loss for that year is also stated.

[3] for undertakings for whom aggregate capital and reserves and profit or loss not available, as first financial year end falls after 31 December 2023.

11 Debtors

	2023	**2022**
	£'000	**£'000**
Other debtors	131	255
Corporation tax recoverable	131	-
Prepayments	854	825
Accrued income	2,012	1,059
	3,128	**2,139**

12 Investments held as current assets

	2023	**2022**
	£'000	**£'000**
Treasury Portfolio – cash deposits	1,797	5
Treasury Portfolio – listed debt securities	140,478	200,365
Treasury Portfolio – multi-asset investments	124,177	111,624
	266,452	**311,994**

Investments held as current assets, which include cash deposits, can be realised within one year, but not within 24 hours. Social bond/equity/multi-asset funds are open-ended investment companies, and are held as part of the social impact investment allocation within the Treasury Portfolio.

Listed debt securities include items with a fair value of £nil (2022: £660k), which have been pledged as collateral for a contingent liability on foreign exchange forward contracts. In the prior year, the collateral was adjusted daily to reflect any contingent liability arising as at the prior day close of business and was subject to a minimum transfer threshold of £250k. The collateral can be replaced by a range of agreed alternative financial assets. The company retains the risks and rewards of ownership.

13 Cash and cash equivalents

	2023 £'000	2022 £'000
Cash at bank	184,050	70,113
Current asset investments (maturity less than three months from the date of acquisition)	33,106	55,046
Cash and cash equivalents per statement of cash flows	**217,156**	**125,159**

As described in note 12, investments held as current assets can be realised within one year, but not within 24 hours. For cash flow purposes, those investments that have a maturity or period of notice of less than three months from the date of acquisition are included as cash and cash equivalents.

14 Creditors

	2023 £'000	2022 £'000
Amounts falling due within one year		
Trade creditors	794	1,089
Other taxes and social security costs	290	419
Grants payable	6,397	9,047
Deferred income - National Lottery Community Fund	153,614	61,554
Deferred income – other	3,807	1,685
Other creditors	110	1,583
Accruals	3,693	2,949
	168,705	**78,326**
Amounts falling due after more than one year		
Accruals	2,454	2,631
Deferred income – other	22,704	23,581
	25,158	**26,212**

Reconciliation of movement regarding National Lottery Community Fund grant monies

	Access – Foundation for Social Investment £'000	Fair4All Finance Limited £'000	Oversight Trust – Parent £'000	Youth Futures Foundation Limited £'000	Total £'000
Deferred income at 1 January 2023	**10,068**	**18,901**	**250**	**32,335**	**61,554**
Grant monies received in 2023	32,000	91,372	8,877	-	132,249
Grant monies spent in 2023	(10,443)	(12,044)	(8,421)	(9,281)	(40,189)
Deferred income at 31 December 2023	**31,625**	**98,229**	**706**	**23,054**	**153,614**

Monies received by group entities for use in furthering their corporate objectives is initially credited to deferred income, before being released into the statement of comprehensive income when costs of furthering their corporate objectives are incurred.

15 Deferred taxation

	2023 £'000	2022 £'000
Accelerated capital allowances	15	8
Provision for deferred tax	**15**	**8**
Provision for liabilities		
At 1 January 2023	8	11
Charged/(credited) to the statement of comprehensive income	7	(3)
At 31 December 2023	**15**	**8**

The group currently does not recognise a deferred tax asset on the tax losses carried forward, as there is no certainty of recovery. The unrecognised deferred tax asset on tax losses was £10.0m at 31 December 2023 (2022: £7.1m).

16 Financial risk management and financial instruments

Introduction

As described in the Strategic Report and the Directors' Report, starting on page 7 above, the Board of Better Society Capital is currently responsible for the majority of the investment activities of the group.

Each of the group operating companies is responsible for ensuring appropriate governance arrangements are in place (with additional oversight provided by the Trust). Each has established committee structures to manage key elements of its operations including an Audit and Risk Committee (or equivalent) to consider relevant matters including in relation to reviewing, managing and mitigating risk with regards to financial and other matters. Where appropriate additional committee structures consider the specific review and approval of investments which also consider related risk.

As described in the Strategic Report starting on page 7 above, the group's investments comprises a Social Impact Investment Portfolio and a Treasury Portfolio.

The Social Impact Investment Portfolio comprises listed and unlisted equity investments, direct and indirect loans and bonds, and investments in unlisted partnerships and other structures. All social investments held by Better Society Capital are approved by its Investment Committee (which has been delegated authority by the Board to operate within set parameters). Access' treasury portfolio is overseen by the Endowment Investment Committee (EIC), comprising two trustees and two external advisors. The EIC is responsible for the relationship with Access' investment managers (Rathbones), and its role is to monitor both the social impact and financial performance of the social investments that are being managed on Access' behalf by Rathbones from the endowment funds provided by DCMS and the treasury management of the dormant account funds. The EIC meets four times a year. The Better Society Capital Investment Committee is chaired by the Better Society Capital CEO and comprises eight members with extensive investment experience, including the two Chief Investment Officers and two independent Board Directors.

The Treasury Portfolio comprises bank and building society cash deposits, certificates of deposits and listed and unlisted debt securities, and represents capital held before it is drawn down into social investment. The Treasury Portfolio operates using a socially responsible investment process.

The Oversight Trust- Assets for the Common Good
Notes to the Financial Statements (continued)
Categories of financial instrument

Financial instruments as at 31 December by category are shown below:

2023	**Financial instruments measured at fair value through profit or loss £'000**	**Financial instruments measured at amortised cost £'000**	**Non-financial instruments £'000**	**Total £'000**
Assets				
Tangible and intangible fixed assets	-	-	325	**325**
Fixed asset investments	387,781	33,168	-	**420,949**
Debtors	-	2,143	985	**3,128**
Investments held as current assets	140,084	126,368	-	**266,452**
Cash at bank and in hand	-	184,050	-	**184,050**
Liabilities				
Creditors	-	(13,738)	(180,125)	**(193,863)**
Deferred taxation	-	-	(15)	**(15)**
Non-controlling interest	-	-	(197,602)	**(197,602)**
	527,865	**331,991**	**(376,432)**	**483,424**

2022	**Financial instruments measured at fair value through profit or loss £'000**	**Financial instruments measured at amortised cost £'000 Restated***	**Non-financial instruments £'000 Restated***	**Total £'000**
Assets				
Tangible and intangible fixed assets	-	-	246	**246**
Fixed asset investments	363,921	35,490	-	**399,411**
Debtors	-	1,314	825	**2,139**
Investments held as current assets	133,820	178,174	-	**311,994**
Cash at bank and in hand	-	70,113	-	**70,113**
Liabilities				
Creditors	-	(17,299)	(87,239)	**(104,538)**
Deferred taxation	-	-	(8)	**(8)**
Non-controlling interest	-	-	(199,499)	**(199,499)**
	497,741	**267,792**	**(285,675)**	**479,858**

The financial instruments not accounted for at fair value through profit or loss are assets and liabilities whose carrying amounts at the period end approximate fair value.

*The group's other taxes and social security costs has been reclassified from the financial instruments measured at amortised cost category of Note 14 into non-financial instruments, to better reflect the nature of these amounts.

The Oversight Trust- Assets for the Common Good
Notes to the Financial Statements (continued)

Gains and losses recognised in the statement of comprehensive income during the period to 31 December by category are shown below:

2023

	Financial assets measured at fair value through profit or loss £'000	**Financial derivatives measured at fair value £'000**	**Financial assets measured at amortised cost £'000**	**Other income and expenses £'000**	**Total £'000**
Income distributions from investment vehicles	4,073	-	-	-	4,073
Interest income	6,543	-	6,259	-	12,802
Fee and dividend income	1,058	-	-	-	1,058
Investment (losses)/gains	(9,102)	1,405	(924)	-	(8,621)
Income from grants and other resources	-	-	-	43,131	43,131
Administrative and other expenses	-	-	(349)	(49,772)	(50,121)
Tax on profit on ordinary expenses	-	-	-	(653)	(653)
	2,572	**1,405**	**4,986**	**(7,294)**	**1,669**

2022

	Financial assets measured at fair value through profit or loss £'000 Restated*	**Financial derivatives measured at fair value £'000**	**Financial assets measured at amortised cost £'000**	**Other income and expenses £'000**	**Total £'000**
Income distributions from investment vehicles	4,210	-	-	-	4,210
Interest income	3,260	-	5,409	-	8,669
Fee and dividend income	569	-	-	-	569
Investment (losses)/gains	(954)	(4,378)	4,335	-	(997)
Income from grants and other sources	-	-	-	25,029	25,029
Administrative and other expenses	-	-	(401)	(35,309)	(35,710)
Tax on profit on ordinary expenses	-	-	-	4	4
	7,085	**(4,378)**	**9,343**	**(10,276)**	**1,774**

*Income distributions from investment vehicles have been reclassified from Investment gains/(losses) to Income distributions from investment vehicles, to match the primary financial statements' categorisation of net investment income.

The Oversight Trust- Assets for the Common Good
Notes to the Financial Statements (continued)
Credit risk

Credit risk is the risk of financial loss from a counterparty's failure to settle financial obligations as they fall due. The group is exposed to credit risk principally from debt securities held in Treasury Portfolio, loans and receivables in Social Impact Investment Portfolio and cash deposits.

Investments in unlisted partnerships and loans included in fixed asset investments are all social impact investments. Debt securities, showing as current asset investments, are held within the Treasury Portfolio. Cash deposits are held either for operational purposes or as part of the Treasury Portfolio. Cash deposits that can be withdrawn at any time without notice and without penalty or that have a maturity or period of notice of not more than 24 hours or one working day are shown as cash at bank and in hand, whereas all other deposits with a maturity of up to one year are shown as investments held as current assets.

Within Better Society Capital's listed debt securities section of the Treasury Portfolio, the company has set a maximum exposure limit for each counterparty. The treasury policy seeks to minimise the exposure to counterparties with perceived higher risk of default by specifying an average credit rating for the Portfolio. The Treasury Portfolio is managed externally and counterparty exposure limits and average credit rating are monitored by the external managers. Better Society Capital receives monthly treasury reports.

The group's maximum credit risk exposure at the Statement of Financial Position date is represented by the respective carrying amounts of the relevant financial assets in the Statement of Financial Position.

The group uses foreign exchange forward contracts to manage its exchange risk exposure from holdings of non-GBP-denominated financial assets. Collateral is exchanged on open foreign exchange forward contracts representing the unrealised gain (receipt of collateral by the company) or loss (pledge of collateral by the company) on a daily basis.

Credit risk arises from changes in the value of the open foreign exchange forward contracts being insufficiently covered by collateral received (to cover unrealised gains) if the counterparty to the contract does not complete the exchange of currency on the contracted settlement date. This is mitigated by utilising standard credit support agreements with a limited number of mainstream financial institutions and reliance upon the collateral management processes at the investment manager.

Credit risk exposure as at the Statement of Financial Position date comprises:

	2023	2022
	£'000	£'000
Fixed asset investments	420,949	399,711
Other debtors	131	255
Accrued income	2,012	1,059
Multi-asset investments – Investments held as current assets	124,177	111,624
Cash deposits – Investments held as current assets	1,797	5
Listed debt securities	140,478	184,251
Cash deposits – Cash at bank and in hand	184,050	70,113
Maximum exposure to credit risk as at the Statement of Financial Position date	**873,594**	**767,018**

The Oversight Trust- Assets for the Common Good
Notes to the Financial Statements (continued)

As at 31 December 2023, Cash at bank and in hand and Investments held as current assets were held at institutions rated as follows by Standard & Poor's Investor Services:

	Rating	2023 £'000	2022 £'000
Social bond/equity/multi-asset funds investments	AAA	31,109	41,477
Multi-asset investments	Not rated	93,068	70,147
Listed debt securities	AAA	6,843	8,712
Listed debt securities	AA	12,999	26,710
Listed debt securities	A	46,265	71,374
Listed debt securities	BBB	49,976	57,805
Listed debt securities	BB	416	399
Listed debt securities	Not rated	14,723	7,839
Unlisted debt securities	Not rated	9,256	11,412
Cash deposits – Investments held as current assets	Not rated	1,797	5
Cash deposits – Cash at bank and in hand	A-1	184,050	70,113
		450,502	**365,993**

Liquidity risk

Liquidity risk is the risk that cash may not be available to pay obligations. The group's policy is to ensure it has sufficient funds to fulfil liabilities as they fall due, including investment commitments approved by BSC's Investment Committee, Access's Endowment Investment Committee, Youth Futures' Audit, Finance and Investment Committee, and Fair4All's Finance, Grants and Investments Committee. See Note 22 – Capital commitments, for details of investment commitments.

The group's financial assets include loans, unlisted equity investments, investments in unlisted partnerships and other private asset vehicles, which are generally illiquid.

The group's investments in listed debt securities are considered to be readily realisable as they are actively traded. All cash deposits held as current assets have a maturity of less than 12 months. The group's overall liquidity is monitored on a daily basis. The group expects to receive quarterly capital inflows to meet its social impact investment commitments and other obligations.

An analysis of contractual creditor balances, by maturity, is shown below:

2023	**Carrying amount* £'000**	**Contractual cash flows £'000**	**Below 1 year £'000**	**Above 1 year £'000**
Creditors: amounts falling due within one year	10,994	10,994	10,994	-
Creditors: amounts falling due after more than one year	2,454	2,454	-	2,454
	13,448	**13,448**	**10,994**	**2,454**

2022	**Carrying amount* £'000**	**Contractual cash flows £'000**	**Below 1 year £'000**	**Above 1 year £'000**
Creditors: amounts falling due within one year	14,668	14,668	14,668	
Creditors: amounts falling due after more than one year	2,631	2,631	-	2,631
	17,299	**17,299**	**14,668**	**2,631**

*This excludes deferred income

The creditors due after more than one year relates to the future payment of grants to social sector organisations according to a variety of scheduled payment plans.

Market risk

Market risk is the risk that changes in market prices, such as interest rates and credit spreads (not relating to changes in the issuer's credit standing) will affect the group's income or the fair value of its holdings of financial instruments. A theoretical fluctuation in asset prices of +/- 10% would result in a movement in returns of +/- £68.6 million (2022: £71.1 million).

The group has interest rate exposure. The group currently has £450,502k (2022: £382,107k) in cash or current asset investments that earn interest at a variety of rates. Any reduction in interest rates will reduce the interest income on these deposits. A reduction of interest rates by 1% would result in a reduction in returns of £4,505k (2022: £3,821k).

Foreign exchange risk

The group is exposed to foreign currency risks on assets and liabilities as a result of changes in exchange rates. The group invests in foreign currency denominated bonds through its Treasury Portfolio and a foreign currency denominated fund in the Social Impact Investment Portfolio, and so has foreign currency risk exposure on those assets. The group mitigates the risk on the bonds by putting in place matching currency forward derivative contracts. When a foreign currency denominated bond is purchased a spot trade and a forward are executed, and these are rolled forward every three months. The spot trade buys foreign currency and sells GBP (originally to fund the bond purchase) and a new forward contract is then executed to sell foreign currency and buy GBP, creating a foreign currency liability that offsets the investment. Currently the size of the group's investment in the foreign currency denominated fund is too low for a similar process to be cost-effective due to the associated fees; the fund also holds GBP denominated assets which partially mitigate the exposure. The exposure continues to be monitored and the group has the ability to implement a similar procedure to the bonds when/if required. A 10% movement in foreign exchange rates would result in a £1.0 million movement in returns (2022: £0.7 million).

Regulatory risk

Better Society Capital is authorised and regulated by the FCA. It is required to regularly assess the amount of capital needed for operations and will hold liquid capital in excess of this amount.

Better Society Capital has, at all times during the period under regulatory supervision, held sufficient capital to meet its regulatory capital requirement.

17 Valuation of financial instruments

The determination of fair value for basic financial instruments for which there is no observable market price requires the use of valuation techniques as described in Note 1 – Summary of significant accounting policies, financial instruments – iii.) Fair value measurement.

The group uses a three-level hierarchy for fair value measurement disclosure, as follows:

Level 1

The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.

Level 2

Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.

Level 3

Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

In determining a fair value using Level 3 valuation techniques, the group applies the principles included in the International Private Equity and Venture Capital Valuation Guidelines (2022 Edition). A variety of valuation techniques are utilised as set out in the accounting policy note - Basic financial instruments.

The fair value hierarchy of financial assets and liabilities held at fair value as at 31 December can be analysed as follows:

	2023	2022
	£'000	£'000
Level 1		**Restated**
Investments held as current assets	140,084	133,821
Fixed asset investments	29,055	30,616
Level 2		
Fixed asset investments	358,726	340,355
	527,865	**504,792**

Level 3 financial assets held at fair value through profit or loss:

	Level 3 Financial assets held at fair value through profit or loss	
	2023	2022
	£'000	£'000
		Restated
Balance at 1 January	**340,355**	302,136
Purchases	64,272	67,091
Sales	(41,466)	(36,116)
Total investment returns	(4,435)	7,244
Balance at 31 December	**358,726**	**340,355**

*Directly held listed bonds within our fixed asset investments have been re-categorised from Level 3 to Level 1 to reflect that they come from unadjusted quoted prices traded in an active market.

All Level 3 financial assets held at fair value are investments held within the Social Impact Investment Portfolio.

18 Consolidated analysis of changes in net debt

	1 January 2023	Cash flows	31 December 2023
	£'000	£'000	£'000
Cash and cash equivalents	125,159	91,997	217,156

19 Retirement benefit schemes

	2023	2022
	£'000	£'000
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	**1,020**	**804**

Defined contribution pension schemes are operated for all qualifying employees in each individual company. The assets of the schemes are held separately from those of the group in independently administered funds. At the reporting date, contributions amounting to £58k (2022: £53k) were payable by the group to the funds.

20 Profit and loss account

	2023
	£'000
At 1 January 2023	**479,858**
Profit for the financial year	3,566
At 31 December 2023	**483,424**

Cumulative profit and loss net of distributions to owners.

21 Non-controlling interest

	2023
	£'000
At 1 January 2023	**199,499**
Loss in subsidiaries for the financial year	(1,897)
At 31 December 2023	**197,602**

The non-controlling interest arises in respect of a 31.53% interest in Better Society Capital Limited not held by the company.

22 Capital commitments

The group recognises investments and potential investments at two distinct stages of the investment process:

Investments signed and commitment outstanding

Legal agreements are completed and signed and funds (in total or partial) have been drawn down. The amounts drawn down are recognised as financial assets in the Statement of Financial Position, and the balance of the commitment is disclosed below.

In-principle commitments not yet signed

The commitment has been approved in principle by the group's various investment committees; legal agreements and deal terms are in the process of being prepared. These are not recognised within the Statement of Financial Position, but are disclosed below.

As at 31 December, on the above bases capital commitments were as follows:

	2023	2022
	£'000	£'000
Investments signed, commitments outstanding	137,743	186,040

	2023	2022
	£'000	£'000
In-principle commitments not yet signed	30,250	3,000

23 Other financial commitments

At the reporting date, the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows;

	Land and buildings 2023 £'000	Land and buildings 2022 £'000
Within one year	467	639
Later than one year and not later than five years	330	619
	797	**1,258**

During the year, the group incurred expenditure in relation to operating leases amounting to £1,163k (2022: £747k).

24 Related party transactions

During the year, Better Society Capital Limited incurred £10k of costs (2022: £10k) on behalf of the Trust for which it was reimbursed. No amount was outstanding at the current or comparative reporting date.

Additionally during the year Access – The Foundation for Social Investment, being a member of the Trust group, paid £78k (2022: £78k) to Better Society Capital Limited, in respect of a licence fee for the use of its offices. As at 31 December 2023 there was an outstanding balance of £nil (2022: £7k). The transactions were made on terms equivalent to those that prevail in arm's length transactions.

The wife of Sir Stuart Etherington, the chair of the Trust, was an equity partner with Bates Wells Braithwaite London LLP (Bates Wells), which provides legal services to the Trust. The Trust had a policy in place to avoid any potential conflicts of interest arising by ensuring that any decision to enter into a new business relationship with Bates Wells Braithwaite LLP was approved by a Director other than the Chair and payment of any fees charged by Bates Wells would be approved by Directors other than the Chair. Professional fees of £14k (2022: £46k) were charged by Bates Wells to the Trust during the year for legal advice. The wife of Sir Stuart Etherington resigned from her position at Bates Wells on 31 March 2022.

The son of Helen England was paid £125 per month by Youth Futures for his participation in its Future Voices Group. The two year contract that began in December 2020 terminated in December 2022, with £nil (2022: £2k) paid by the end of this financial year.

Directors' and senior management emoluments are disclosed in Note 6 – Directors' and key management personnel emoluments, and in the Directors' Report starting on page 18.

25 Presentation currency

The financial statements are presented in sterling.

26 Legal form of entity and country of incorporation

The Oversight Trust - Assets for the Common Good is a limited company incorporated in England.

27 Events after the reporting date

There have been no significant events to disclose since the reporting date.

The Oversight Trust- Assets for the Common Good
Notes to the Financial Statements (continued)

28 Principal place of business

The address of the company's principal place of business and registered office is:

New Fetter Place
8 – 10 New Fetter Lane
London
EC4A 1AZ

29 Restatement of cash flow statement

The directors consider that presenting all cash flows from fixed and current asset investments as operating cash flows more accurately represents the nature of the amounts given the nature of the group's activities. Accordingly, the prior year comparatives have been restated to reclassify certain amounts previously presented as investing cash flows as operating cash flows to be comparable with the current year presentation.

	2022 **£'000**
Cash used in operating activities using prior year categorisation	**(6,406)**
Payments to acquire fixed asset investments	(63,990)
Payments to acquire current asset investments	(118,778)
Proceeds from sale of fixed asset investments	48,214
Proceeds from sale of current asset investments	100,459
Cash used in operating activities using updated categorisation	**(40,501)**

	2022 **£'000**
Cash used in investing activities using prior year categorisation	**(35,681)**
Payments to acquire fixed asset investments	63,990
Payments to acquire current asset investments	118,778
Proceeds from sale of fixed asset investments	(48,214)
Proceeds from sale of current asset investments	(100,459)
Cash used in investing activities using prior year categorisation	**(1,586)**

The Oversight Trust- Assets for the Common Good
Company Annual Report and Financial Statements

The Oversight Trust- Assets for the Common Good
Company Statement of Comprehensive Income

For the year ended 31 December 2023

	2023 £'000	2022 £'000
Income from grants	8,432	417
Total Revenue	**8,432**	**417**
Administrative and other expenses	(432)	(417)
Profit before taxation	**8,000**	**-**
Tax credit on gain on ordinary activities	**-**	-
Profit for the year and total comprehensive income for the year	**8,000**	**-**

There is no other comprehensive income

The notes on pages 61 to 64 form part of these financial statements

The Oversight Trust- Assets for the Common Good

Company Statement of Financial Position

For the year ended 31 December 2023

	Notes		2023 £'000		2022 £'000
Fixed assets					
Investments	**2**		434,345		426,345
			434,345		**426,345**
Current assets					
Cash at bank and in hand		780		317	
Creditors: amounts falling due within one year	**3**	(780)		(317)	
Net assets			**434,345**		**426,345**
Capital and reserves					
Profit and loss account	**4**		434,345		426,345
Total equity			**434,345**		**426,345**

The notes on pages 61 to 64 form part of these financial statements.

The financial statements on pages 58 to 64 were approved by the Board on ………26 July 2024………………… and signed on its behalf by:

Sir Stuart Etherington

Chair

Company registration number: 07611016

The Oversight Trust- Assets for the Common Good

Company Statement of Changes in Equity

For the year ended 31 December 2023

	Profit and loss account £'000	Total £'000
At 1 January 2022	**426,345**	**426,345**
Profit for the financial year	-	-
At 31 December 2022	**426,345**	**426,345**
At 1 January 2023	**426,345**	**426,345**
Profit for the financial year	8,000	8,000
At 31 December 2023	**434,345**	**434,345**

The notes on pages 61 to 64 form part of these financial statements.

The Oversight Trust- Assets for the Common Good

Notes to the Company Financial Statements

For the year ended 31 December 2023

1 Summary of significant accounting policies

Basis of preparation

The financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006, including the provisions of the Large and Medium-sized Companies and groups (Accounts and Reports) Regulations 2008.

The financial statements have been prepared under the historical cost convention.

The company's functional currency is pounds sterling, and the financial statements are rounded to the nearest thousand pounds.

Reduced disclosures

The individual financial statements of the company are included in these consolidated financial statements and in accordance with FRS 102, the company has taken advantage of the exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures; and
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

Going concern

The financial statements have been prepared on the going concern basis. The Trust has built cumulative reserves in the profit and loss account since inception of £434,345k and has reported a profit for the year of £8,000k. It held cash of £780k at year end which is enough to cover its outstanding commitments at year end. The Trust is funded by allocations from Dormant Assets of up to £500k each year. The Trust holds reserves equal to approximately 6 months' operating costs and so, together with the funding commitment from government, there is minimal risk to the continuing operations of the Trust for the forseeable future. For this reason, the Directors have adopted the going concern basis in preparing these financial statements.

Recognition of grants from the National Lottery Community Fund (NLCF)

Grants received under Funding Agreements from the NLCF – being a public body – are included within deferred income in the Statement of Financial Position. Where costs that are not capitalised are incurred, NLCF grant funding is credited to the statement of comprehensive income in the period in which the related costs are incurred. Where costs that are capitalised are incurred, NLCF grant funding is credited to the statement of comprehensive income in the period in which the related costs are capitalised.

Fixed asset investments

In the individual financial statements of the company, interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss. A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

Financial instruments

i. Recognition and initial measurement

Financial liabilities measured at amortised cost are recognised initially at transaction price and subsequently at amortised cost, being transaction price less any amounts settled and any impairment losses as assessed below.

ii. Classification

The company classifies its basic financial instruments into the following categories:

Financial liabilities at amortised cost

Accruals.

Use of judgements and estimates

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

The directors consider there to be no critical estimates or areas of judgement.

2 Investments

	Total £'000
Cost and net book value	
At 1 January 2023	**426,345**
Additions	8,000
At 31 December 2023	**434,345**

The company holds 20% or more of the share capital of the following companies:

Company	**Class of shares held**	**Principal place of business**	**%**	**Capital and reserves £'000**	**Loss for the financial year £'000**
Access - The Foundation for Social Investment	N/A	New Fetter Place, 8-10 New Fetter Lane, London, EC4A 1AZ	100	27,943	(8,874)
Better Society Capital Limited	Ordinary A shares	New Fetter Place, 8-10 New Fetter Lane, London, EC4A 1AZ	68	634,345	(6,018)
Fair4All Finance Limited	N/A	2nd Floor, 28 Commercial Street, London, E1 6LS	100	31,119	-
Youth Futures Foundation Limited	N/A	8-10 Grosvenor Gardens, London SW1W 0DH	100	-	-

Notes to the Company Financial Statements (continued)

Better Society Capital Limited (BSC) is a company limited by shares with capital comprising "A" shares, held by the Trust, and "B" shares, held by the four shareholding banks.

To enable it to carry out its role, the Trust has a controlling interest in BSC. It controls a minimum of 80% of the voting rights at shareholders' meetings. For important issues, such as any change to the company's Articles concerning its objects or powers, a consensus vote by the Trust Board is required.

Access - The Foundation for Social Investment, Fair4All Finance Limited and Youth Futures Foundation Limited are each a company limited by guarantee. The Trust is the sole member of each and has guaranteed the £1 capital of each company.

3 Creditors: amounts falling due within one year

	2023	**2022**
	£'000	**£'000**
Accruals	74	67
Deferred income	706	250
	780	**317**

Deferred income comprises the portion of the National Lottery Community Fund grant that has been retained for the payment of future expenditure.

4 Profit and loss account

	2023	**2022**
	£'000	**£'000**
At 1 January 2023	426,345	426,345
Profit for the financial year	8,000	-
At 31 December 2023	**434,345**	**426,345**

5 Related party transactions

During the year, the company purchased £8 million (2022: £nil) of £1 Ordinary A shares in Better Society Capital Limited. During the year, Better Society Capital Limited incurred £10k of costs (2022: £10k) on behalf of the Trust for which it was reimbursed. No amount was outstanding at the current or comparative reporting date.

The wife of Sir Stuart Etherington, the chair of the Trust, was an equity partner with Bates Wells Braithwaite London LLP (Bates Wells), which provides legal services to the Trust. The Trust had a policy in place to avoid any potential conflicts of interest arising by ensuring that any decision to enter into a new business relationship with Bates Wells Braithwaite LLP was approved by a Director other than the Chair and payment of any fees charged by Bates Wells would be approved by Directors other than the Chair. Professional fees of £14k (2022: £46k) were charged by Bates Wells to the Trust during the year for legal advice. The wife of Sir Stuart Etherington resigned from her position at Bates Wells on 31 March 2023.

The son of Helen England was paid £125 per month by Youth Futures for his participation in its Future Voices Group. The two year contract that began in December 2020 terminated in December 2022, with £nil (2022: £2k) paid by the end of this financial year.

6 Presentation currency

The financial statements are presented in Sterling.

The Oversight Trust- Assets for the Common Good
Notes to the Company Financial Statements (continued)

7 Legal form of entity and country of incorporation

The Oversight Trust - Assets for the Common Good is a limited company incorporated in England.

8 Events after the reporting date

There have been no significant events to disclose since the reporting date.

9 Principal place of business

The address of the company's principal place of business and registered office is:

New Fetter Place
8 – 10 New Fetter Lane
London
EC4A 1AZ