

Registered number  
07611016

The Oversight Trust –  
Assets for the Common Good  
Report and Financial Statements  
31 December 2021

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# The Oversight Trust- Assets for the Common Good

## Company Information

### Directors

Sir Stuart Etherington <sup>(1,2)</sup> (also Chair)  
Nicola Pollock <sup>(2,3)</sup> (also Senior Independent Director)  
Joanna Fox <sup>(1)</sup> (Government Appointee)  
Stephen Howard LVO <sup>(1,3)</sup>  
Ian Hughes <sup>(2)</sup> (National Lottery Community Fund Appointee)  
Clara Barby  
Kevin Davis  
Helen England  
Andrew Rose

<sup>(1)</sup> Member of the Nominations and Remuneration Committee

<sup>(2)</sup> Member of the Core Governance Review Team

<sup>(3)</sup> Member of the Quadrennial Review Team

### Company Secretary

Alastair Ballantyne

### Auditor

KPMG LLP  
15 Canada Square  
London  
E14 5GL

### Banker

HSBC plc  
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London  
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### Registered office

New Fetter Place  
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London  
EC4A 1AZ

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# The Oversight Trust- Assets for the Common Good Chair's Statement

## Introduction

2021 was the second full year for which the operating model of The Oversight Trust (the Trust) for overseeing the expanded group of four Operating Companies was established and operational. This was achieved in the context of the continuing Covid-19 global pandemic and the recognition by the Government, through the allocation of additional funding, of the contribution the group could make to the response to the crisis.

## 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. Big Society Capital Limited (Big Society Capital) - 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 - for which the Trust is the sole Member; and
4. Youth Futures Foundation (Youth Futures) - 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 Operating Companies in the Group has its own annual report where details of its operations can be found.

## Dormant Assets Act

A major development in 2021 and early 2022 was the rapid progress made by the Dormant Assets Bill through Parliament. The Dormant Accounts 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 looking at dormant assets in other asset classes held by financial institutions, in particular in relation to: insurance, investment funds and pension funds. The Government estimates there is the potential for an additional £880m of dormant asset funding that could be unlocked over time.

The debate on the Bill in both the House of Lords and also subsequently in the House of Commons raised the issue of the need for effective oversight of dormant asset monies and the companies or programmes they fund. It was encouraging that, in its responses to both Houses, the Government cited the Trust as a successful model for providing such oversight.

In January 2022, the Trust submitted evidence to the Commons Bill Committee about its operations. We highlighted the importance of consideration being given to the oversight structures that would be required and suggested that this should be done in parallel with the consultations on potential recipients of future funding. The Trust has signalled to Government that it is open to suggestions of potentially expanding its role, to oversee additional organisations or programmes, provided it has the powers and resources to do so effectively.

## Quadrennial Reviews

Quadrennial Reviews are designed to assess the effectiveness of an Operating Company in achieving its stated objects. Following the first Quadrennial Review of Big Society Capital in 2020, in 2021 we commissioned the second review of an Operating Company which was of Access. The panel of independent experts comprised Keith Leslie (Lead), Neil Sherlock and Claire Brown and was supported by Fiona Young Priest who acted as Secretariat. We are very grateful for their commitment and thoughtful engagement.

# The Oversight Trust- Assets for the Common Good

## Chair’s Statement (continued)

Their final report was published in June 2021, together with responses from Access and the Trust. It was well received and was particularly timely and helpful to policy makers as a contribution to the debate about how to continue to make blended finance available to charities and social enterprise in England in the future.

We are very grateful for the positive engagement of both the Operating Companies that have been reviewed to date and their stakeholders who contributed evidence. This exercise demonstrates that by working together collaboratively, it was possible for the Panel to produce a helpful and challenging analysis that has helped steer important elements of the Operating Companies’ strategic thinking.

## Activities

In addition to the regular meetings of the Board involving quarterly reviews of the Operating Companies, 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.

Given that the governance and operating structures of the Trust were only established in 2020, attention needed to be given to establishing internal policies and procedures, including fully establishing a broader remit for the Nominations and Remuneration Committee, reviewing governance documents and defining the specific roles of Board members more clearly.

In particular, the role of Link Directors was developed. Each Link Director is designated responsibility to establish a relationship with one of the Operating Companies to facilitate the sharing of information and to bring a greater depth of understanding of the operations and issues faced by that particular entity to the Trust Board. This has worked very well and, with the benefit of experience over the course of the year, we have been able to more clearly define and codify the elements of the role.

Other significant areas for the attention of the Board have included: the Dormant Assets Bill; Senior Management and Board recruitment by the Group; issues related to developing Equity, Diversity and Inclusion policies; capital re-structuring proposals; and responding to Group legal and regulatory issues.

The Board has also engaged in a number of specific training sessions to improve their understanding of issues faced by the Operating Companies. In early 2022, this included a Board Away Day visit to Wolverhampton to help better understand front line issues in relation to social investment, youth unemployment and affordable credit and the challenges being faced in the Black Country.

## External Governance Review

In 2021 the Trust commissioned an external Governance Review to look at its own governance processes and Board Effectiveness. It is clearly important that the Trust demonstrates good practice in regard to its own governance. The Review findings were generally very positive and demonstrated there was an “engaged and active Board”. The final Report was welcomed by the Board and its findings have been fully discussed at a Board off-site meeting and resulting recommendations are being implemented, as appropriate.

The Governance Review was focused on the Trust’s internal processes rather than its interaction with Operating Companies and the model of oversight we have developed. Such a review of group structures will be done in the future when there is a longer track record to provide more evidence to on which to judge the model’s effectiveness.

# The Oversight Trust- Assets for the Common Good

## Chair's Statement (continued)

### Financials

The 2021 financial results reflect the ongoing operations of Big Society Capital and Access together with the results of Fair4All Finance and Youth Futures as they evolve from an establishment phase to full operations.

The group reports total comprehensive income of £14,869k (2020: £56,737k) all of which is attributable to the group operating companies. The Trust itself had total comprehensive income of £nil in the year (2020: £45,000k). In 2020 the Trust received income of £45,000k from Dormant Accounts which was used to invest in shares of Big Society Capital. No such income was received in 2021.

Big Society Capital reported total comprehensive income for the year of £16,125k (2022: £3,687k); Access reported a net loss of £6,358k (2020: surplus of £709k); Fair4All Finance reported £nil comprehensive income in the year (with an adjustment on consolidation of a surplus of £4,600k) (2020: loss of £2,796k and a consolidation adjustment of £11,997k). Youth Futures reported total comprehensive income of £nil (2020: £nil).

In February 2022, the government announced further allocations of Dormant Accounts monies of £44m of which £20m was allocated to each of Access and Youth Futures with £4m for Fair4All Finance.

### Board

Since lockdown in 2020, the full Board had not been able to meet in person until its off-site meeting in June 2021. It was recognised that there were risks of problems arising because of challenges to Board cohesion related to not having physical meetings. However, having met regularly through video conferencing during the preceding months, the Board was able to operate successfully. This was reflected in an internal Board evaluation process conducted in the summer as well as in the subsequent external Governance Review.

I would like to thank the Board for their strong commitment and engagement. A number of issues have come up over the year which have required their combined experience and skills to give their guidance and thoughtful analysis, and I am very grateful for the helpful support they have provided.

I would like to also thank Alastair Ballantyne who has effectively managed the organisation in his dual role of Chief Operating Officer and Company Secretary.



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: Big Society Capital Limited, Access - The Foundation for Social Investment (Access), Fair4All Finance Limited 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 Big Society Capital with the aim of ensuring that Big Society Capital remains true to its object,
  - 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 Finance; and
- promote the needs of young people by acting as the sole company law member and providing oversight of Youth Futures.

\*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.

The strategy of the Trust is to perform its oversight role as effectively as possible within its funding constraints. It works closely with other stakeholder including the OpCos, DCMS and 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 each of 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 Oversight Trust- Assets for the Common Good

## Strategic Report (continued)

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.

Access, Fair4All Finance 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. Big Society Capital is a company limited by shares, and the Trust has a controlling interest (it controls 80% of the voting rights at shareholders' meetings). 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 the 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 Bank and Building Society Accounts Act 2008. 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: to invest as equity in Big Society Capital; to provide as a grant to Access; and to cover the Trust's operating costs.

By the financial year ended 31 December 2021, Big Society Capital had received equity capital from the Trust of £426m. Big Society Capital had also received £200m 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 Digital, Culture, Media and Sport (DCMS). This endowment was planned to be spent over the next five years in the delivery of Access' programmes. By year end 2021, Access had subsequently been allocated additional funding from dormant account monies of £40m.

Fair4All Finance 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. Of these sums, in 2019, initial drawdowns were made of £31.4m by Fair4All Finance and £45.9m by Youth Futures.

In 2020, Fair4All Finance was allocated an additional £41m of funding, and in February 2022, DCMS announced further allocations of Dormant Account monies: £20m for Access, £20m for Youth Futures and £4m for Fair4All Finance.

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.

Future distributions of dormant asset monies will be under the Dormant Assets Act 2022. There is an open consultation process organised by Government in summer 2022 to consider to what funding themes and organisations monies will be allocated under the expanded scheme.

# The Oversight Trust- Assets for the Common Good

## Strategic Report (continued)

### OpCos' Principal Objectives and Strategy

#### Big Society Capital

Big Society Capital's overriding purpose is to improve the lives of people in the UK, through investment with a sustainable return.

It works with expert partners to understand people's needs, then using its knowledge and capital, collaborates and invests with fund managers and social banks who share that purpose. They, and the social enterprises and charities they invest in, create the impact. Big Society Capital's role is to bring the most relevant experts to the table, generating ideas and connecting capital to where it's most needed.

#### Big Society Capital's Strategic Objectives

In September 2021, Big Society Capital 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-£15 billion 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.

Big Society Capital focuses these approaches on four distinct social impact investment market systems 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, Big Society Capital 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, Big Society Capital aims to create even greater social change through investment, reaching more organisations in different places and communities in the UK, including those who have missed out in the past.

#### Access – the Foundation for Social Investment

Access was created in 2015 to grow the reach of social investment. Designed to 'disrupt' the existing social investment market and widen its reach into places and communities that were previously excluded, Access works to ensure charities and social enterprises can access the finance they need to sustain or grow their impact.

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.

# The Oversight Trust- Assets for the Common Good

## Strategic Report (continued)

### Fair4All Finance

Fair4All Finance's vision is of 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 affordable 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 Finance's Strategic Priorities:

- **Expand the provision of affordable credit** through a scaled community finance sector – setting best practice standards on the way.
- **Partner with banks and financial services providers** to support the delivery of products and services for customer in vulnerable circumstances.
- **New product and market development** – develop and scale financial products and services to address market gaps

Fair4All Finance'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 Finance'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.

### Youth Futures Foundation

Youth Futures was established to improve employment outcomes for young people in England who face disadvantage or discrimination in the labour market. As Covid lockdowns lifted, worrying trends of long-term youth unemployment and economic inactivity have taken root.

Youth Futures' vision is to create a society where all young people have equitable access to good quality jobs.

Its mission is to narrow the employment gap by identifying what works and why, investing in evidence generation and innovation, and generating new ideas that change behaviour and practice.

Youth Futures' primary beneficiaries are 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
- those who are economic disadvantage because of caring responsibilities
- special educational needs or disabilities or experience of school exclusion
- experience of homelessness
- a mental health or long-term health condition

# The Oversight Trust- Assets for the Common Good

## Strategic Report (continued)

- experience of problem substance use

### Youth Futures' strategic priorities

Youth Futures wants to tackle the root causes of youth unemployment and to do that it is focusing on three priorities:

- **Changing the system:** Work with others to transform the youth-employment system.
- **Creating opportunities:** Support more employers to recruit and retain young people from marginalised backgrounds.
- **Building capacity:** Equip practitioners to train and support young people from marginalised backgrounds so that they are ready for work.

## The Trust's Principal Risks and Uncertainties

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

1. Changes to Government funding directions in relation to OT Group companies as a result of the Dormant Assets Act consultations
2. Major reputational issue resulting in a loss confidence in the governance oversight role of the Trust
3. Major unbudgeted loss by an OpCo, loss of confidence in the group, an OpCo or the Dormant Assets scheme widely
4. Loss of key personnel at an OpCo resulting in demands on the oversight required and potential loss of confidence in the group
5. Changes to the regulations of financial institutions which impact Big Society Capital and consequently the requirements placed on the Trust as the group entity

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 to NLCF to not continue to provide on-going funding to the Trust.

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 identify any emerging issues early. With respect to financial regulation, the Trust is working closely with Big Society Capital and external counsel to clarify the holding company capital requirements under the Financial Conduct Authority's newly introduced Investment Firm Prudential Regime.

Each of the OpCos has established risk management systems including a Risk Register, identifying major risks and mitigations, that is regularly reviewed by its Board.

Key risks identified by OpCos include:

1. **External risks:** such as those associated with factors relating to the recovery from the Covid19 pandemic and major changes to the economic and political landscape, and other macro factors such as responses to climate change and other public policy issues (including changes to regulation).
2. **Strategic risks:** including long-term legacy considerations, failure to deliver impact and the possibility of financial and impact losses from investments.
3. **Reputational risks:** involving a loss of confidence among stakeholders.

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 25 to 566 below. The group's Consolidated Statement of Comprehensive Income for the year is shown on page 25 below.

# The Oversight Trust- Assets for the Common Good

## Strategic Report (continued)

Big Society Capital 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 Big Society Capital. At the end of 2021 the Trust has invested £426,345k (2020: £426,345k). Big Society Capital has received further investment of £200m from its shareholder banks (Barclay, 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. Big Society Capital 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 Finance 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 is funded through the proceeds of dormant accounts provided through grant agreements with NLCF in accordance with policy directions provided by government.

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 Big Society Capital and Fair4All Finance 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 Trust, the group’s parent company, reports total comprehensive income of £nil (2020: £45,000k). The company recognised income from grants of £335k (2020: £336k) matching its operating costs for the year. At the end of the year it held £667k (2020: 650k) of income received yet to be utilised in support of its operations. No capital grants were received during the year for investment in shares of Big Society Capital (2020: £45,000k).

The group reports total revenue for 2021 of £52,140k (2020: £93,365k). Of this total, £27,398k is attributable to income from grants (2020: £79,481k). Combined revenue from the group’s Social Impact Investment Portfolio and its Treasury Portfolio was £24,500k (2020: £13,848k), improved performance being principally the result of favourable valuations in Big Society Capital’s social impact investments.

The group incurred costs in 2021 of £37,436k (2020: £36,625k), of which £18,575k (2020: £14,289k) relates to administrative costs, whilst £18,861k (2020: £22,336k) 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 £9,176k, or 49% (2020: £7,196k, or 50%). The increase in these costs arose largely from both Fair4All Finance and Youth Futures continuing the recruitment of their teams during the year. The group’s average monthly headcount increased from 91 to 138.

Grants payable have fallen during the year by £3,475k with the most significant reductions being in Fair4All Finance, following significant grant outflows in 2020, which have not been matched in 2021 due to variability in the timing of programme outflows.

The group’s net assets at the end of the year were £677,583k (2020: £662,714k) - an increase of £14,869k.

A summary of the operating and financial performance of the group’s operating companies are disclosed in the individual accounts of the operating companies which are publicly available from Companies House.

## Future developments

Since the year-end, legislation for expansion of the Dormant Assets Scheme has received Royal Assent and came into force on 6 June 2022.

The Government has indicated there is the potential for a further £880m of dormant assets that may be released under the expanded scheme over time. It will be some time before funds begin to flow as the processes for managing the new assets needs to be agreed with the financial services industry and its regulators and Government is committed to consulting on the use of these funds.

# The Oversight Trust- Assets for the Common Good

## Strategic Report (continued)

The Trust has indicated its willingness to consider increasing the scope of its work, provided this would be consistent with its existing mandate and it had the powers and resources necessary. The Trust will continue to explore this with DCMS as the consultation concludes and government considers the next tranche of funding.

### The Trust as a Responsible Business

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

The Board of Directors includes a Government Appointee nominated by DCMS and since December 2019 has also included an Appointee of 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 company 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 company's employees;
- (c) the need to foster the company's business relationships with suppliers, customers and others;
- (d) the impact of the company's operations on the community and the environment;
- (e) the desirability of the company maintaining a reputation for high standards of business conduct; and
- (f) the need to act fairly as between members of the company.

#### Long-term decisions

The nature of the Trust's oversight role is to look at strategic decision making by the OpCos to deliver the long-term success of the group. The Trust's role is to keep them 'on mission' over the long term by ensuring their strategy is consistent with their objects and purpose.

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 is discussed at least annually with each company as part of the Governance Review process. In general, however, an individual OpCo's policy as it relates to their employees is an operational decision overseen by each OpCo's board of directors. The role of the Trust is to promote good governance by seeking transparency and encouraging best practice.

# The Oversight Trust- Assets for the Common Good

## Strategic Report (continued)

### Relationships with suppliers, customers and others

The Trust has a close working relationship with the companies it oversees, particularly in the areas of Finance and Communications. The Trust's oversight role means it must review the activities of companies in the group and deliver the Independent Reviews referred to above. The Trust facilitates communication amongst the group about issues of common interest – as was demonstrated by effective knowledge-sharing by the group around the sector response to the Covid-19 crisis.

The Trust itself has a very limited number of suppliers, given its role, but procurement is carried out on an open and fair basis where appropriate. In 2022, the Trust used social sector providers to host and cater for its off-site meeting in Wolverhampton.

### Community and environment

The Trust group has social and environmental objectives, as outlined in individual OpCos' Articles and discussed 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 does not own, rent or operate any physical premises and so is not directly responsible for greenhouse gas emissions beyond normal domestic energy consumption related to the Board and Chief Operating Officer working from home.

### 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 Trust's Objects.

### Act fairly between members

The members of the Trust are its directors. Each has equal voting rights except on specific issues (such as in relation to changing the Trust's Articles). In these instances, 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.

## Summary Key Performance Indicators (KPIs)

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. This revised structure became fully established and operational by the beginning of 2021.

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 each OpCo in turn at each Board meeting.

In 2021 the Trust commissioned its second OpCo Quadrennial Review. The review was of Access (following that of Big Society Capital in 2020) and the report was published in June 2021 alongside Access' response.

In early 2021, 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. Since year-end similar Assurance Statements have been provided in respect of 2021.

# The Oversight Trust- Assets for the Common Good Strategic Report (continued)

The Trust has an annual funding limit of £500,000 and clear budget targets within this figure that it has successfully operated within.

## Summary of future objectives and planned activities

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 seek to support the government as it enacts the Dormant Assets legislation and the related consultation on the expansion of the Dormant Accounts scheme which will bring other financial assets, in addition to bank and building society accounts, within the scope of the distribution arrangements. Government has identified a potential £880m as being available for distribution. The role of the Trust in connection with the expanded scheme depends on a number of factors including any change to the thematic funding topics in the current legislation and the potential for extending or otherwise changing the range of distributing bodies.

In 2021 the Trust engaged an external consultant to perform a Review of its own Governance and Board Effectiveness which reported in March 2022. Recommendations have been reviewed by the Board and are being implemented, as appropriate. For transparency, the conclusions and recommendations of the report are published on the Trust's website.

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 4 August 2022 and signed on its behalf.



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Sir Stuart Etherington

Chair

# The Oversight Trust- Assets for the Common Good

## Directors' Report

The directors present their report and financial statements for the year ended 31 December 2021.

### Directors

The following persons served as directors during the year:

- Sir Stuart Etherington (also Chair)
- Nicola Pollock (also Senior Independent Director)
- Joanna Fox (Government Appointee)
- Stephen Howard LVO
- Ian Hughes (National Lottery Community Fund Appointee)
- Clara Barby
- Kevin Davis
- Helen England
- Andrew Rose

### Remuneration

Until 20 February 2020, the Directors of the Trust did not receive any remuneration for their role. At its meeting on 20 February, the Board decided that, in order to reflect the change in its structure and responsibilities and to be able to attract Directors with the required skills and from diverse backgrounds, remuneration should be offered to Directors (except the Government and NLCF Appointees for whom any remuneration is included within their roles in their parent organisations). 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.

The Board agreed that from 1 April 2021, the Trust's Directors should be offered £5,035 pa (£5,000 pa prior to this date). The Chair, being the highest paid director, is offered an additional £5,035 pa (£5,000 pa prior to this date) and the lead of the Quadrennial Review an additional £2,518 pa (£2,500 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 £43k (2020: £27k) in payments to directors for services rendered in the current year. £43k (2020 £15k) was 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.

# The Oversight Trust- Assets for the Common Good

## Directors' Report (continued)

### 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:

	2021	2020
£60,000-£69,999	15	15
£70,000-£79,999	15	16
£80,000-£89,999	6	4
£90,000-£99,999	2	3
£100,000-£109,999	2	2
£110,000-£119,999	2	4
£120,000-£129,999	2	-
£140,000-£149,999	-	1
£150,000-£159,999	2	1
	<b>46</b>	<b>46</b>

29 (2020: 30) of these employees participate in Big 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 (2020: 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.

5 (2020: 4) of these employees participate in Fair4All Finance's stakeholder pension scheme set at 4% employer contribution and 4% employee contribution.

5 (2020: 6) 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 £14,869k (2020: £56,737k). 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 Big 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, Big Society Capital is regulated by the Financial Conduct Authority. The company makes disclosures on its website – [www.bigsocietycapital.com](http://www.bigsocietycapital.com) – setting out its capital resources, risk exposures and risk management processes.

# The Oversight Trust- Assets for the Common Good

## Directors' Report (continued)

### Political contributions

Neither the company nor any of its subsidiaries made any disclosable political donations or incurred any disclosable political expenditure during the year (2020: £nil).

### Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

### 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 2021 financial year:

Name	Organisation Name	Details
<b>Joanna Fox</b>	Department for Digital, Culture, Media and Sport (DCMS)	Government appointee <sup>(1)</sup>
<b>Ian Hughes</b>	The National Lottery Community Fund (NLCF)  We Don't Settle Ltd	NLCF appointee <sup>(1)</sup>  Non-Executive Director of a social enterprise whose focus of work aligns with the purpose of Youth Futures
<b>Sir Stuart Etherington</b>	Bates Wells Braithwaite	Wife is a Partner in a Law Firm <sup>(2)</sup>
<b>Stephen Howard</b>	Power to Change Trustee Limited  Big Issue Invest Limited (BII)	Chair of organisation, which makes investments alongside Big Society Capital  Non-Executive Director of organisation; Big Society Capital is an investee in BII managed funds
<b>Nicola Pollock</b>	SASC Trust	Trustee of SASC Trust, Big Society Capital invests in funds managed by Social and Sustainable Capital LLP
<b>Helen England</b>	Youth Futures Foundation	Son is a Member of Youth Futures' Future Voices Group <sup>(2)</sup>

# The Oversight Trust- Assets for the Common Good

## Directors' Report (continued)

<b>Clara Barby</b>	Bridges Fund Management	Partner of an organisation that manages funds in which Big Society Capital has invested
	Impact Management Project	CEO of an organisation supported by Big Society Capital <sup>(2)</sup>

### Notes:

<sup>(1)</sup> 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 Bank and Building Society Accounts Act 2008. Funding from the English portion of these monies is directed by the Secretary of State for DCMS.

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

## Statement of directors' responsibilities in respect of the Strategic Report, the Directors' Report and the financial statements

The directors are responsible for preparing the Strategic Report, the Directors' Report and the group and parent company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the group and parent company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Under company law the 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 parent company and of the group's profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

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

# The Oversight Trust- Assets for the Common Good

## Directors' Report (continued)

### 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 auditor is 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 auditor is aware of that information.

This report was approved by the Board on 4 August 2022 and signed on its behalf.



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Sir Stuart Etherington

Chair

# The Oversight Trust- Assets for the Common Good

## Independent Auditor’s Report to the members of The Oversight Trust – Assets for the Common Good

### Opinion

We have audited the financial statements of The Oversight Trust – Assets for the Common Good (“the Company”) for the year ended 31 December 2021 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows, the Company Statement of Financial Position, the Company Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Group’s and of the parent Company’s affairs as at 31 December 2021 and of the Group’s profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (“ISAs (UK)”) and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the Company or to cease their operations, and as they have concluded that the Group and the Company’s financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements (“the going concern period”).

In our evaluation of the directors’ conclusions, we considered the inherent risks to the Group’s business model and analysed how those risks might affect the Group and Company’s financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors’ use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors’ assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group or the Company’s ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the Company will continue in operation.

# The Oversight Trust- Assets for the Common Good

## Independent Auditor's Report (continued)

### Fraud and breaches of laws and regulations – ability to detect

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors as to the Group's policies and procedures to prevent and detect fraud as well as whether they have knowledge of any actual, suspected or alleged fraud;
- Reading the Group's meeting minutes;
- Considering remuneration incentive schemes and performance targets; and
- Using analytical procedures to identify any usual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards and taking into account our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because revenue is generated from few sources and transactions are easily verifiable to external sources or agreements with little or no requirement for estimation from management. We did not identify any additional fraud risks.

We performed procedures including identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included journals posted to revenue and cash.

#### Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery, employment law and certain aspects of company legislation recognising the financial nature of the Group's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

#### Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and

# The Oversight Trust- Assets for the Common Good

## Independent Auditor's Report (continued)

regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

### Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

### Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or

We have not received all the information and explanations we require for our audit. We have nothing to report in these respects.

### Directors' responsibilities

As explained more fully in their statement set out on page 19, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; 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; assessing the Group and parent 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 they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

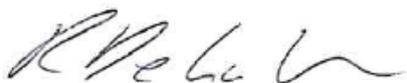
A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

# The Oversight Trust- Assets for the Common Good

## Independent Auditor's Report (continued)

### The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



**Richard De La Rue (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**

*Chartered Accountants*

15 Canada Square

London

E14 5GL

4 August 2022

# The Oversight Trust- Assets for the Common Good

## Consolidated Statement of Comprehensive Income

For the year ended 31 December 2021

	Notes	2021 £'000	2020 £'000
Income from grants	2	27,398	79,481
Revenue from investments	3	24,500	13,848
Other income		242	36
<b>Total Revenue</b>		<b>52,140</b>	<b>93,365</b>
Administrative and other expenses	4	(18,575)	(14,289)
Grants payable	5	(18,861)	(22,336)
<b>Operating profit</b>		<b>14,704</b>	<b>56,740</b>
Tax credit/(charge) on gain on ordinary activities	7	165	(3)
<b>Total comprehensive income for the year</b>		<b>14,869</b>	<b>56,737</b>
Total comprehensive income for the year attributable to:			
- Non-controlling interest	21	6,710	1,177
- Equity attributable to the parent	20	8,159	55,560
		<b>14,869</b>	<b>56,737</b>

The results above relate to continuing operations.

The notes on pages 29 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 2021

	Notes	2021 £'000	2020 £'000
<b>Fixed assets</b>			
Intangible assets	8	43	17
Tangible assets	9	205	177
Investments	10	366,616	318,995
		<b>366,864</b>	<b>319,189</b>
<b>Current assets</b>			
Debtors	11	2,705	1,993
Investments	12	312,042	323,284
Cash at bank and in hand	13	100,608	110,868
		<b>415,355</b>	<b>436,145</b>
<b>Creditors: amounts falling due within one year</b>	14	(89,470)	(92,121)
<b>Net current assets</b>		<b>325,885</b>	<b>344,024</b>
<b>Total assets less current liabilities</b>		<b>692,749</b>	<b>663,213</b>
<b>Creditors: amounts falling after more than one year</b>	14	(15,155)	(480)
<b>Provisions for liabilities</b>			
Deferred taxation	15	(11)	(19)
<b>Net assets</b>		<b>677,583</b>	<b>662,714</b>
<b>Capital and reserves</b>			
Profit and loss account	20	479,424	471,265
<b>Equity attributable to the parent</b>		<b>479,424</b>	<b>471,265</b>
Non-controlling interest	21	198,159	191,449
<b>Total capital employed</b>		<b>677,583</b>	<b>662,714</b>

The notes on pages 29 to 56 form part of these financial statements.

Approved by the Board on 4 August 2022 and signed on its behalf.



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 2021

	<b>Non-controlling interest £'000</b>	<b>Profit and loss account £'000</b>	<b>Total £'000</b>
<b>At 1 January 2020</b>	190,272	415,705	605,977
Profit for the financial year	1,177	55,560	56,737
<b>At 31 December 2020</b>	<b>191,449</b>	<b>471,265</b>	<b>662,714</b>
<b>At 1 January 2021</b>	191,449	471,265	662,714
Profit for the financial year	6,710	8,159	14,869
<b>At 31 December 2021</b>	<b>198,159</b>	<b>479,424</b>	<b>677,583</b>

The notes on pages 29 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 2021

	Notes	2021 £'000	2020 £'000
<b>Operating activities</b>			
Operating profit		14,704	56,740
Adjustments for:			
Depreciation and amortisation		107	106
		<b>14,811</b>	<b>56,846</b>
Increase in debtors		(744)	(545)
Increase in creditors		11,787	13,736
		<b>25,854</b>	<b>70,037</b>
Returns on fixed asset investments		(17,600)	(3,363)
Returns on current asset investments		(2,296)	(3,618)
Foreign exchange gains/(losses)		1,998	(162)
Corporation tax (paid)/received		(29)	26
<b>Cash generated in operating activities</b>		<b>7,927</b>	<b>62,920</b>
<b>Investing activities and interest</b>			
Payments to acquire tangible and intangible fixed assets		(161)	(151)
Payments to acquire fixed asset investments		(83,062)	(108,155)
Payments to acquire current asset investments		(53,921)	-
Repayment of loans		-	34,323
Proceeds from sale of fixed asset investments		52,880	28,700
Proceeds from sale of current asset investments		50,035	58,758
<b>Cash (used)/generated in investing activities</b>		<b>(34,229)</b>	<b>13,475</b>
<b>Net cash generated</b>			
Cash generated in operating activities		7,927	62,920
Cash (used)/generated in investing activities		(34,229)	13,475
<b>Net cash (used)/generated</b>		<b>(26,302)</b>	<b>76,395</b>
Cash and cash equivalents at 1 January		193,548	117,153
Cash and cash equivalents at 31 December	<b>13</b>	<b>167,246</b>	<b>193,548</b>
<b>Cash and cash equivalents comprise:</b>			
Cash at bank		100,608	110,868
Current asset investments (maturity less than three months from the date of acquisition)		66,638	82,680
	<b>13</b>	<b>167,246</b>	<b>193,548</b>

The notes on pages 29 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 2021

### 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 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 £479,424k and has reported a profit for the year of £14,869k. The group had cash and current asset investments of £412,650k at the year end. The Directors have reviewed the group's future liquidity projections in the light of the impact of the ongoing effect of Covid-19 and potential implications of this on future group 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 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 from page 7. 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 Big 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 other members of the group.

Under Section 408 of the Companies Act 2006 the company is exempt from the requirement to present its own profit and loss account.

#### 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 minorities 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 judgement is the determination of the fair value for Level Two and Three investments. This is discussed below, in the accounting policy 'Basic financial instruments – iii) Fair value measurement'. Any changes in the fair value measurement will impact the carrying value of investments. At the reporting date, the carrying value of Level 2 current asset investments was £nil (2020: £39,040k), the carrying value of Level 2 derivatives was £760k (2020: £823k) and the carrying value of Level 3 fixed asset investments was £313,019k (2020: £294,169k).

### Foreign currency

Transactions in foreign currencies are translated to the group's 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 (pound sterling) 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

Big Society Capital has investments that may be regarded as subsidiaries. As these investments are held as part of an investment portfolio, they have not been consolidated in these financial statements, and are measured at fair value with changes recognised in profit or loss in accordance with FRS 102 9.9C.

Big Society Capital also has investments that may be regarded as associated undertakings. As these investments are held as part of an investment portfolio, they have not been accounted for using the equity method of accounting, and are measured at fair value with changes recognised in profit or loss in accordance with FRS 102 14.4B.

### 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. All other government grants are included within deferred income in the Consolidated Statement of Financial Position and credited to the profit and loss account 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 profit and loss account in the period in which the related costs are incurred. Where costs that are capitalised are incurred, NLCF grant funding is credited to the profit and loss account in the period in which the related costs are capitalised.

# The Oversight Trust- Assets for the Common Good

## Notes to the Financial Statements (continued)

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 profit and loss account in the period in which the related costs are incurred. Alongside this, in 2020 Access became entitled to £30m of funding from the NLCF to spend on helping charities and social enterprises respond and recover from the Covid-19 outbreak. Unlike for the Growth Fund, monies spent on this programme are under the direct control of the charity, and so income has been credited to the profit and loss account as 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.

### Grants payable

Grants payable 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 payable 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, but excludes interest income.

### 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.

Financial assets or 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.

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 or associates, 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. Details are set out in Note 22 – Capital commitments.

# The Oversight Trust- Assets for the Common Good

## Notes to the Financial Statements (continued)

### ii.) Classification

The group classifies its financial instruments into the following categories:

#### Financial assets at fair value through profit or loss

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.

#### Financial assets at amortised cost

Debt investments meeting the conditions set out in FRS 102.11, cash at bank and in hand, cash deposits (included in investments held as current assets), accrued income and other debtors.

#### Financial liabilities at amortised cost

Trade creditors, accruals and other creditors.

#### Financial liabilities at fair value through profit or loss

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.

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' (2018 edition):

Where an investment has been made recently, or where there has been subsequent, significant new investment into the company, a more accurate valuation is not available and there is no evidence to suggest that the unadjusted Price of Recent Investment is no longer relevant, the group may apply the Price of Recent Investment, for a limited period following the date of the relevant transaction. Where it is felt that there has been a change to the milestones or benchmark then the group will use the Price of Recent Investment adjusted to reflect milestone/ benchmark analysis.

Where appropriate and reasonable earnings or revenue multiples are available for comparable businesses, the group will apply Multiples valuation techniques to derive a value for the investment.

If industry benchmarks can be applied to the investment to derive a fair value, these will be applied.

If future cash flows can be reasonably estimated, and it is felt that the risks, due to the high level of subjectivity involved in applying the Discounted Cash Flow method, do not render the method insufficiently reliable, this will be applied.

Where a regular Net Asset Valuation is available for the investment, the group will assess this for reasonableness and consider whether the investment can be valued on the basis of the underlying fair value of its assets, rather than its earnings. If this is considered appropriate the group will apply the Adjusted Net Asset Valuation method.

The group may decide to use a combination of the mentioned methods, or other methods that are considered more appropriate to derive the fair value of its investments.

# The Oversight Trust- Assets for the Common Good

## Notes to the Financial Statements (continued)

### 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 USD and EUR denominated financial assets. 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 arms 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
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# The Oversight Trust- Assets for the Common Good

## Notes to the Financial Statements

### 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, other than freehold land, 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 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 profit and loss account 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 profit and loss account as they become payable in accordance with the rules of the schemes.

### Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

# The Oversight Trust- Assets for the Common Good

## Notes to the Financial Statements (continued)

### 2 Income from grants

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Grant income from the National Lottery Community Fund	27,004	74,480
Other government grant income	394	5,000
Other grant income received	-	1
	<b><u>27,398</u></b>	<b><u>79,481</u></b>

During the prior year, the Trust received £45,000k from the National Lottery Community Fund (NLCF), to enable it to subscribe for additional share capital in Big Society Capital. The entire £45,000k of this was invested in Big Society Capital during the prior year. No further funding has been received in relation to this arrangement in 2021.

Additionally, under the terms of its funding agreement to support its role in oversight of the operating companies, the Trust received a grant for £352k from the NLCF in 2021 (2020: £410k). This grant income is included in deferred income and credited to the profit and loss account in the period in which the related costs are incurred. During the year, the Trust utilised £335k (2020: £336k) of these funds.

As described within the Strategic Report, Access, Fair4All Finance and Youth Futures Foundation have also each received grant funding from the NLCF, to be spent on pursuing strategic objectives:

- In the prior year, Access became entitled to £30,000k of grant funding from the NLCF for the purpose of helping charities and social enterprises respond and recover from the Covid-19 outbreak. During the prior year, the first tranche of £21,000k was received, of which £6,051k (2020: £2,835k) has been recognised as income inline with budgeted expenditure. £116k (2020: £136k) of funds have been received from the NLCF by Access, as a result of the Service Level Agreement in place for administering the Growth Fund on the NLCF's behalf.
- In 2021, Fair4All received £20,052k (2020: £nil) from the NLCF. £3,308k (2020: £5,001k) of funding has been released against costs incurred on operations and grants payable of the company. £5,500k (2020: £7,350k) of funding has been released against the book cost of social investments made by the company.
- In the prior year, Youth Futures received £10,000k from the NLCF. £11,694k (2020: £13,822k) of NLCF grant funding has been released against costs incurred on operations and grants payable of the company.

During the year, Big Society Capital received £15,750k (2020: £nil) 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 Big Society Capital breaks the terms of the grant agreement within a 30-year period. During 2021, £394k of these funds has been recognised as income.

In the prior year, Access received the final £5,000k tranche of its £60,700k expendable endowment from the DCMS. This has been fully recognised in the profit and loss account in the prior year. No further funding has been received in relation to this endowment in 2021.

# The Oversight Trust- Assets for the Common Good

## Notes to the Financial Statements (continued)

### 3 Revenue from investments

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
<b>Total Revenue</b>	24,500	13,848
<b>Represented by:</b>		
<b>Income</b>		
Social Impact Investment Portfolio	4,022	4,658
Treasury Portfolio	3,701	4,824
	<u>7,723</u>	<u>9,482</u>
<b>Investment gains</b>		
Social Impact Investment Portfolio	16,716	2,659
Treasury Portfolio	61	1,707
	<u>16,777</u>	<u>4,366</u>

### 3a Total Revenue - Social Impact Investment Portfolio

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
<b>Total Revenue</b>	20,738	7,317
<b>Represented by:</b>		
<b>Income</b>		
Interest income on financial assets designated as fair value	3,017	3,917
Interest income on financial assets carried at amortised cost	710	466
Dividend income from financial assets designated as fair value	224	193
Fees received	71	82
	<u>4,022</u>	<u>4,658</u>
<b>Investment gains/(losses)</b>		
Net gains from financial assets designated as fair value	16,583	2,676
Net gains/(losses) from financial assets carried at amortised cost	294	(74)
Net foreign exchange (losses)/gains from financial assets designated as fair value	(161)	57
	<u>16,716</u>	<u>2,659</u>

# The Oversight Trust- Assets for the Common Good

## Notes to the Financial Statements (continued)

### 3b Total Revenue - Treasury Portfolio

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
<b>Total Revenue</b>	3,762	6,531
<b>Represented by:</b>		
<b>Income</b>		
Interest income on financial assets designated as amortised cost	3,574	4,700
Dividend income on financial assets designated as fair value	127	124
	<b>3,701</b>	<b>4,824</b>
<b>Investment gains/(losses)</b>		
Net gains from financial assets designated as fair value	720	1,518
Net (losses)/gains from financial assets carried at amortised cost	(805)	82
Net gains/(losses) on currency forward derivatives	1,546	(1,219)
Net foreign exchange (losses)/gains from financial assets carried at amortised cost	(1,400)	1,326
	<b>61</b>	<b>1,707</b>

Total revenue increased significantly in 2021, primarily as a result of increased income and write ups within the Social Impact Investment Portfolio of Big Society Capital.

As described in the Strategic Report on pages 7 to 15 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 2021, Big Society Capital made investments in foreign currency denominated assets. As outlined in Note 16 – Financial risk management and financial instruments, the foreign exchange risk is managed 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 2021 the exchange loss on foreign currency denominated debt securities was £1,400k (2020: gain of £1,326k), which was offset by a gain on the currency forward derivatives in 2021 of £1,546k (2020: loss of £1,219k), resulting in a net foreign exchange gain of £146k (2020: £107k).

# The Oversight Trust- Assets for the Common Good

## Notes to the Financial Statements (continued)

### 4 Administrative and other expenses

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Wages and salaries	7,504	5,848
Non-executive directors' fees	233	219
Social security costs	839	670
Pension costs	600	459
Staff-related costs, including recruitment, training and travel	635	665
Interim staff and secondees fees	474	989
Premises	975	944
Consultancy fees	3,838	1,639
Marketing and events	412	365
Research	358	278
Audit fees	163	147
IT and website development costs	651	463
Legal and other professional fees	986	768
Amortisation of intangible assets (refer to note 8)	10	20
Depreciation of owned fixed assets (refer to note 9)	97	86
General and administrative expenses	294	169
<b>Total administrative expenses</b>	<b>18,069</b>	<b>13,729</b>
Treasury management fees	506	560
<b>Total other expenses</b>	<b>506</b>	<b>560</b>
<b>Total administrative and other expenses</b>	<b>18,575</b>	<b>14,289</b>
Amounts receivable by the group's auditor and its associates in respect of:		
Audit of these financial statements	29	28
Audit of financial statements of subsidiaries of the company	94	95
Other assurance services	14	12
Taxation compliance services	26	12
	<b>163</b>	<b>147</b>

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 16 to 20 above.

#### Average number of employees during the year

Access - The Foundation for Social Investment	8	8
Big Society Capital Limited	68	66
Fair4All Finance Limited	32	8
Oversight Trust - Assets for the Common Good	1	1
Youth Futures Foundation Limited	29	8
	<b>138</b>	<b>91</b>

# The Oversight Trust- Assets for the Common Good

## Notes to the Financial Statements (continued)

### 5 Grants payable

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Grants payable	18,861	22,336
	<u><b>18,861</b></u>	<u><b>22,336</b></u>

Each of Access, F4AF and YFF make grants to meet their strategic aims. Grant 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 £43k (2020:£27k) in payments to directors for services rendered in the current year, £11k (2020: £11k) was outstanding at year end. Including employer's national insurance, £158k (2020: £137k as restated) was paid to the key management personnel of the Trust; no pension contributions were made during the current or prior years. The comparative key management personnel remuneration disclosure has been restated to include remuneration paid to directors and social security costs.

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 Taxation

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
<b>Analysis of charge in period</b>		
Current tax:		
- UK corporation tax on profits of the period	-	65
- Adjustments in respect of previous periods	(157)	(58)
	<u><b>(157)</b></u>	<u><b>7</b></u>
Deferred tax:		
- Origination and reversal of timing differences	(8)	(4)
	<u><b>(8)</b></u>	<u><b>(4)</b></u>
<b>Tax (credit)/charge on profit on ordinary activities</b>	<u><b>(165)</b></u>	<u><b>3</b></u>

# The Oversight Trust- Assets for the Common Good

## Notes to the Financial Statements (continued)

### 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:

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Profit on ordinary activities before tax	14,704	56,740
Standard rate of corporation tax in the UK	19.0%	19.0%
Profit on ordinary activities multiplied by the standard rate of corporation tax	2,794	10,781
Effects of:		
Capital grant income not subject to tax	(1,045)	(9,947)
Losses/(profits) relating to the group's charitable entities	1,208	(135)
Income not taxable and/or expenses not allowable for tax purposes	(3,087)	(336)
Tax charge on taxable surplus in year	-	25
Capital allowances for period in excess of depreciation	5	2
Utilisation of tax losses	125	(325)
Adjustments to tax charge in respect of previous periods	(157)	(58)
Deferred tax – origination and reversal of timing differences	(8)	(4)
<b>Current tax (credit)/charge for period</b>	<b>(165)</b>	<b>3</b>

## 8 Intangible fixed assets

	<b>Software development</b>
	<b>£'000</b>
<b>Cost</b>	
At 1 January 2021	73
Additions	36
<b>At 31 December 2021</b>	<b>109</b>
<b>Amortisation</b>	
At 1 January 2021	56
Provided during the year	10
<b>At 31 December 2021</b>	<b>66</b>
<b>Carrying amount</b>	
<b>At 31 December 2021</b>	<b>43</b>
At 31 December 2020	17

# The Oversight Trust- Assets for the Common Good

## Notes to the Financial Statements (continued)

### 9 Tangible fixed assets

	Land and buildings £'000	Fixtures, fittings, tools and equipment £'000	Total £'000
<b>Cost</b>			
At 1 January 2021	363	497	860
Additions	-	125	125
Disposals	-	(1)	(1)
<b>At 31 December 2021</b>	<b>363</b>	<b>621</b>	<b>984</b>
<b>Depreciation</b>			
At 1 January 2021	335	348	683
Charge for the year	7	90	97
Eliminated on disposal	-	(1)	(1)
<b>At 31 December 2021</b>	<b>342</b>	<b>437</b>	<b>779</b>
<b>Carrying amount</b>			
<b>At 31 December 2021</b>	<b>21</b>	<b>184</b>	<b>205</b>
At 31 December 2020	28	149	177

### 10 Fixed asset investments

	Total £'000
<b>Social Impact Investment Portfolio</b>	
At 1 January 2021	318,995
Additions	83,062
Sale proceeds	(48,327)
Income distributions	(4,553)
Income accrued	723
Investment gains	16,716
<b>At 31 December 2021</b>	<b>366,616</b>

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

Investment name	Registered office address/ principal place of business <sup>1</sup>	Class of shares held	% as at 31 December 2021	Aggregate capital and reserves of the entity <sup>2</sup> £'000	Aggregate profit/(loss) for the year of the entity <sup>2</sup> £'000
Ada Ventures Soc I LP	Humphreys Law Ltd, 5 Merchant Square, London W2 1AY, U.K.	Partnership interest	99.99	1,187	(80)
Bethnal Green Ventures LLP	First Floor, 27 Cursitor Street, London EC4A 1LT, UK	Partnership interest	35.35	3,390	(81)
Big Issue Invest Outcomes Investment Fund LP	113-115 Fonthill Road, Finsbury Park, London N4 3HH, UK	Partnership interest	85.03	6,151	516

# The Oversight Trust- Assets for the Common Good

## Notes to the Financial Statements (continued)

<b>Big Issue Invest Social Enterprise Investment Fund II LP</b>	113-115 Fonthill Road, Finsbury Park, London N4 3HH, UK	Partnership interest	62.98	10,699	(1,424)
<b>BMO WUK Residential Real Estate FCP-RAIF</b>	49, J.F Kennedy Avenue, L-1855 Luxembourg	Registered shares	33.33	Holding less than 50%, no public filing required	
<b>Bridges Evergreen BSC Housing Co-Investment LP</b>	38 Seymour Street, London, W1H 7BP, UK	Partnership interest	100.00	N/A <sup>3</sup>	N/A <sup>3</sup>
<b>Bridges Evergreen Capital Limited Partnership</b>	38 Seymour Street, London W1H 7BP, UK	Partnership interest	36.67	Holding less than 50%, no public filing required	
<b>Bridges Social Impact Bond Fund LP</b>	38 Seymour Street, London W1H 7BP, UK	Partnership interest	44.44	Holding less than 50%, no public filing required	
<b>Bridges Social Interim LP</b>	38 Seymour Street, London W1H 7BP, UK	Partnership interest	99.98	(29)	(3)
<b>Cheyne Social and affordable housing High Impact (I) LP</b>	94 Solaris Avenue Camana Bay 1348, Grand Cayman, Ky1-1108, Cayman Island	Partnership interest	100.00	902	(11)
<b>City Funds LP</b>	Narrow Quay House, Narrow Quay, Bristol BS1 4QA, UK	Partnership interest	50.00	2,187	(216)
<b>Community Owned Renewable Energy LLP</b>	W106 Vox Studios, 1-45 Durham Street, London SE11 5JH, UK	Partnership interest	50.00	18,189	1,077
<b>Eka Ventures 1 LP</b>	Flat 1, Knaresborough House, 5-7 Knaresborough Place, London, SW5 0TN, UK	Partnership interest	99.25	565	(162)
<b>Fair by Design Venture Limited Partnership</b>	The Council House, Victoria Square, Birmingham, West Midlands B1 1BB, UK	Partnership interest	36.75	Holding less than 50%, no public filing required	
<b>Impact Ventures SA, SICAV-SIF</b>	9, Allée Scheffer L-2520 Luxembourg	Registered shares	41.58	Holding less than 50%, no public filing required	
<b>National Homelessness Property Fund 2 Limited Partnership</b>	The Great Barn, 5 Scarne Court, Hurdon Road, Launceston, Cornwall PL15 9LR, UK	Partnership interest	23.43	Holding less than 50%, no public filing required	
<b>National Homelessness Property Fund Limited Partnership</b>	The Great Barn, 5 Scarne Court, Hurdon Road, Launceston, Cornwall PL15 9LR, UK	Partnership interest	35.52	Holding less than 50%, no public filing required	
<b>Nesta Impact Investments 1 Limited Partnership</b>	58 Victoria Embankment, London EC4Y 0DS, UK	Partnership interest	45.46	Holding less than 50%, no public filing required	
<b>North East Social Investment Fund Limited Partnership</b>	5th Floor, 27-35 Grainger Street, Newcastle upon Tyne, Tyne and Wear NE1 5JE, UK	Partnership interest	48.75	3,302	(31)

# The Oversight Trust- Assets for the Common Good

## Notes to the Financial Statements (continued)

<b>Public Services Lab LLP</b>	Queens Insurance Building Suite 3a, 24 Queen Avenue, Liverpool, L2 4TZ, UK	Partnership interest	28.48	281	18
<b>Resonance Everyone In Limited Partnership</b>	The Great Barn, 5 Scarne Court, Hurdon Road, Launceston, PL15 9LR, UK	Partnership interest	43.15	Holding less than 50%, no public filing required	
<b>Resonance Supported Homes Fund Limited Partnership</b>	The Great Barn, 5 Scarne Court, Hurdon Road, Launceston, Cornwall PL15 9LR, UK	Partnership interest	32.81	Holding less than 50%, no public filing required	
<b>SASH Sidecar LP</b>	4th Floor Reading Bridge House, George Street, Reading, Berkshire, RG1 8LS, UK	Partnership interest	100.00	6	(20)
<b>Schroder BSC Social Impact Trust</b>	1 London Wall Place, London EC2Y 5AU, UK	Ordinary	26.28	78,227	4,484
<b>Shared Lives Investments LP</b>	131-151 Great Titchfield Street, London W1W 5BB, UK	Partnership interest	37.93	Holding less than 50%, no public filing required	
<b>Social Finance Care and Wellbeing Investments LLP</b>	C/o Social Finance Limited, 87 Vauxhall Walk, London SE11 5HJ, UK	Partnership interest	50.00	3,037	(694)
<b>Social Growth Fund 2 LLP</b>	6 Broughton Street Lane, Edinburgh, Midlothian EH1 3LY, UK	Partnership interest	47.06	1,575	(313)
<b>Social Growth Fund LLP</b>	6 Broughton Street Lane, Edinburgh, Midlothian EH1 3LY, UK	Partnership interest	50.00	5,640	(148)
<b>The Charity Bank Limited</b>	Fosse House, 182 High Street, Tonbridge, Kent TN9 1BE, UK	Ordinary	54.47	20,904	(479)
<b>The Community Investment Fund L.P.</b>	4th Floor, Reading Bridge House, George Street, Reading, Berkshire RG1 8LS, UK	Partnership interest	55.56	12,997	410
<b>The Good Food Ventures LP</b>	4th Floor, 20 Air Street, London W1B 5DL, UK	Partnership interest	29.73	724	(114)
<b>The Third Sector Investment Fund LLP</b>	4th Floor, Reading Bridge House, George Street, Reading, Berkshire RG1 8LS, UK	Partnership interest	91.91	8,531	53

# The Oversight Trust- Assets for the Common Good

## Notes to the Financial Statements (continued)

<b>Triodos New Horizons Limited</b>	4th Floor, Reading Bridge House, George Street, Reading, Berkshire RG1 8LS, UK	Ordinary	30.00	2	0
<b>Women in Safe Homes Limited Partnership</b>	The Great Barn, 5 Scarne Court, Hurdon Road, Launceston PL15 9LR, UK	Partnership interest	34.31	Holding less than 50%, no public filing required	
<b>Zamo Capital 1 Limited Partnership</b>	12 Constance Road, London E16 2DQ, UK	Partnership interest	100.00	2,310	(440)

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

<sup>1</sup> for unincorporated undertakings, the address of its principal place of business is stated.

<sup>2</sup> 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.

<sup>3</sup> Aggregate capital and reserves and profit or loss not available, as first financial year end falls after 31 December 2021.

# The Oversight Trust- Assets for the Common Good

## Notes to the Financial Statements (continued)

### 11 Debtors

	<b>2021</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Other debtors	597	332
Prepayments	714	520
Accrued income	448	318
Corporation tax recoverable	186	-
Treasury portfolio - derivative financial instruments	760	823
	<b>2,705</b>	<b>1,993</b>

### 12 Investments held as current assets

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Treasury Portfolio – cash deposits	12,138	36,679
Treasury Portfolio – listed debt securities	227,761	205,263
Treasury Portfolio – social bonds/equity/multi-asset funds	72,143	81,342
	<b>312,042</b>	<b>323,284</b>

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 £(370)k (2020: £nil), which have been pledged as collateral for a contingent liability on foreign exchange forward contracts. The collateral is adjusted daily to reflect any contingent liability arising as at the prior day close of business and is 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

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Cash at bank	100,608	110,868
Current asset investments (maturity less than three months from the date of acquisition)	66,638	82,680
<b>Cash and cash equivalents per cash flow statement</b>	<b>167,246</b>	<b>193,548</b>

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.

# The Oversight Trust- Assets for the Common Good

## Notes to the Financial Statements (continued)

### 14 Creditors

	2021 £'000	2020 £'000
<b>Amounts falling due within one year</b>		
Trade creditors	2,780	571
Other taxes and social security costs	275	200
Accruals	1,356	1,630
Grants payable	11,844	11,459
Deferred income - National Lottery Community Fund	71,832	78,160
Deferred income – other	530	4
Other creditors	853	97
	<b>89,470</b>	<b>92,121</b>
<b>Amounts falling due after more than one year</b>		
Deferred income - National Lottery Community Fund	324	480
Deferred income – other	14,831	-
	<b>15,155</b>	<b>480</b>

#### Reconciliation of movement regarding National Lottery Community Fund grant monies

	Access – Foundation for Social Investment	Fair4All Finance Limited	Oversight Trust - Parent	Youth Futures Foundation Limited	Total £'000
<b>Deferred income at 31 December 2020</b>	<b>18,165</b>	<b>18,423</b>	<b>650</b>	<b>41,402</b>	<b>78,640</b>
Grant monies received in 2021*	-	20,052	352	-	<b>20,404</b>
Grant monies spent in 2021	(6,051)	(8,808)	(335)	(11,694)	<b>(26,888)</b>
<b>Deferred income at 31 December 2021</b>	<b>12,114</b>	<b>29,667</b>	<b>667</b>	<b>29,708</b>	<b>72,156</b>

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

\* Note that monies received by Access under the terms of their Service Level Agreement with NLCF for running the Growth Fund are not included here, as it relates to the provision of specific services in managing a third party programme of onward grants.

### 15 Deferred taxation

	2021 £'000	2020 £'000
Accelerated capital allowances	11	19
Adjustment in respect of prior period	529	529
Tax losses carried forward	(1,836)	(1,181)
Tax losses not recognised as a deferred tax asset	1,307	652
<b>Provision for deferred tax</b>	<b>11</b>	<b>19</b>
<b>Provision for liabilities</b>		
At 1 January 2021	19	23
Credited to the profit and loss account	(8)	(4)
<b>At 31 December 2021</b>	<b>11</b>	<b>19</b>

# The Oversight Trust- Assets for the Common Good

## Notes to the Financial Statements (continued)

### 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 Big 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 and Audit and Risk Committee (or equivalent) to consider relevant matters including in relation to reviewing, managing and mitigating risk in relation 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 investment portfolio comprises a Social Impact Investment Portfolio and a Treasury Portfolio.

The Social Impact Investment Portfolio comprises unlisted equity investments, loans, investments in unlisted funds and investments in social impact bonds. All social investments held by Big 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 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.

#### Categories of financial instrument

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

**2021**

	<b>Financial instruments measured at fair value through profit or loss</b>	<b>Financial instruments measured at amortised cost</b>	<b>Non-financial instruments</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Assets</b>				
Tangible and intangible fixed assets	-	-	248	<b>248</b>
Fixed asset investments	336,453	30,163	-	<b>366,616</b>
Debtors	760	1,045	900	<b>2,705</b>
Investments held as current assets	102,304	209,738	-	<b>312,042</b>
Cash at bank and in hand	-	100,608	-	<b>100,608</b>
<b>Liabilities</b>				
Creditors	-	(17,179)	(87,446)	<b>(104,625)</b>
Deferred taxation	-	-	(11)	<b>(11)</b>
Non-controlling interest	-	-	(198,159)	<b>(198,159)</b>
	<b>439,517</b>	<b>324,375</b>	<b>(284,468)</b>	<b>479,424</b>

# The Oversight Trust- Assets for the Common Good

## Notes to the Financial Statements (continued)

2020

	Financial instruments measured at fair value through profit or loss £'000	Financial instruments measured at amortised cost £'000	Non- financial instruments £'000	Total £'000
<b>Assets</b>				
Tangible and intangible fixed assets	-	-	194	<b>194</b>
Fixed asset investments	294,169	24,826	-	<b>318,995</b>
Debtors	823	650	520	<b>1,993</b>
Investments held as current assets	141,502	181,782	-	<b>323,284</b>
Cash at bank and in hand	-	110,868	-	<b>110,868</b>
<b>Liabilities</b>				
Creditors	-	(92,601)	-	<b>(92,601)</b>
Deferred taxation	-	-	(19)	<b>(19)</b>
Non-controlling interest	-	-	(191,449)	<b>(191,449)</b>
	<b>436,494</b>	<b>225,525</b>	<b>(190,754)</b>	<b>471,265</b>

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.

Gains and losses recognised in the profit and loss account during the period to 31 December by category are shown below:

2021

	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
Interest income	3,017	-	4,284	-	7,301
Fee and dividend income	422	-	-	-	422
Investment gains/(losses)	17,142	1,546	(1,911)	-	16,777
Income from grants and other resources	-	-	-	27,640	27,640
Administrative and other expenses	-	-	(506)	(36,930)	(37,436)
Tax on loss on ordinary expenses	-	-	-	165	165
	<b>20,581</b>	<b>1,546</b>	<b>1,867</b>	<b>(9,125)</b>	<b>14,869</b>

# The Oversight Trust- Assets for the Common Good

## Notes to the Financial Statements (continued)

2020

	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
Interest income	3,917	-	5,166	-	9,083
Fee and dividend income	399	-	-	-	399
Investment gains/ (losses)	4,251	(1,219)	1,334	-	4,366
Income from grants and other sources	-	-	-	79,517	79,517
Administrative and other expenses	-	-	(560)	(36,065)	(36,625)
Tax on loss on ordinary expenses	-	-	-	(3)	(3)
	<b>8,567</b>	<b>(1,219)</b>	<b>5,940</b>	<b>43,449</b>	<b>56,737</b>

### 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, loans and receivables and cash deposits.

Investments in unlisted funds 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 Big Society Capital's 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. Big 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, with the exception of listed debt securities designated as at amortised cost, for which the credit exposure and the carrying value are shown below. The carrying value includes amortisation of the premium at purchase and does not include any market revaluation, and therefore does not represent the current credit risk.

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.

# The Oversight Trust- Assets for the Common Good

## Notes to the Financial Statements (continued)

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

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Fixed asset investments	366,616	318,995
Other debtors	597	318
Accrued income	448	332
Social bond/equity/multi-asset funds – Investments held as current assets	72,143	81,342
Cash deposits – Investments held as current assets	12,138	36,679
Listed debt securities*	226,685	209,914
Cash deposits – Cash at bank and in hand	100,608	110,868
<b>Maximum exposure to credit risk as at the Statement of Financial Position date</b>	<b>779,235</b>	<b>758,448</b>

\* Included within listed debt securities:

	<b>Credit risk exposure</b>	<b>Carrying value</b>
	<b>£'000</b>	<b>£'000</b>
Listed debt securities designated as at amortised cost	196,524	197,600
Listed debt securities designated as at fair value	30,161	30,161
	<b>226,685</b>	<b>227,761</b>

As at the year end, 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:

	<b>Rating</b>	<b>2021</b>	<b>2020</b>
		<b>£'000</b>	<b>£'000</b>
Social bond/equity/multi-asset funds investments	AAA	39,500	49,000
Social bond/equity/multi-asset funds investments	Not rated	32,643	36,246
Listed debt securities	AAA	18,647	35,350
Listed debt securities	AA	39,019	29,693
Listed debt securities	A	96,060	78,837
Listed debt securities	BBB	49,643	35,151
Listed debt securities	BB	446	-
Listed debt securities	Not rated	9,926	11,022
Unlisted debt securities	Not rated	12,944	10,849
Cash deposits – Investments held as current assets	Not rated	12,138	24,596
Cash deposits – Cash at bank and in hand	A-1	100,608	122,951
		<b>411,574</b>	<b>433,695</b>

### 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 Finance'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 funds and investments in social impact bonds, which are generally illiquid.

# The Oversight Trust- Assets for the Common Good

## Notes to the Financial Statements (continued)

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:

<b>2021</b>	<b>Carrying amount £'000</b>	<b>Contractual cash flows £'000</b>	<b>6 months or less</b>
Creditors: amounts falling due within one year	89,470	17,108	8,397
Creditors: amounts falling due after more than one year	15,155	-	-
	<b>104,625</b>	<b>17,108</b>	<b>8,397</b>
<b>2020</b>	<b>Carrying amount £'000</b>	<b>Contractual cash flows £'000</b>	<b>6 months or less</b>
Creditors: amounts falling due within one year	13,957	13,957	8,907
Creditors: amounts falling due after more than one year	480	480	-
	<b>14,437</b>	<b>14,437</b>	<b>8,907</b>

### 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.

The group has interest rate exposure. The group currently has £412,650k (2020: £434,152k) 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 £4,127k (2020: £4,342k).

### 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.

### Regulatory risk

Big 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.

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

# The Oversight Trust- Assets for the Common Good

## Notes to the Financial Statements (continued)

### 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 – Significant accounting policies, Basic financial instruments – iii.) Fair value measurement.

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

#### Level One

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

#### Level Two

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 Three

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 (2018 Edition):

Where an investment has been made recently, or where there has been subsequent, significant new investment into the company, a more accurate valuation is not available and there is no evidence to suggest that the unadjusted Price of Recent Investment is no longer relevant, the company may apply the Price of Recent Investment, for a limited period following the date of the relevant transaction. Where it is felt that there has been a change to the milestones or benchmark then the company will use the Price of Recent Investment adjusted to reflect milestone/benchmark analysis.

Where appropriate and reasonable earnings or revenue multiples are available for comparable businesses, the company will apply the Multiples valuation technique to derive a value for the investment.

If industry benchmarks can be applied to the investment to derive a fair value, these will be applied.

If future cash flows can be reasonably estimated, and it is felt that the risks, due to the high level of subjectivity, involved in applying the Discounted Cash Flow method do not render the method insufficiently reliable, this will be applied.

Where a regular Net Asset Valuation is available for the investment, the company will assess this for reasonableness and consider whether the investment can be valued on the basis of the underlying fair value of its assets, rather than its earnings. If this is considered appropriate the company will apply the Adjusted Net Asset Valuation method.

The group may decide to use a combination of the mentioned methods, or other methods that are considered more appropriate to derive the fair value of its investments.

# The Oversight Trust- Assets for the Common Good

## Notes to the Financial Statements (continued)

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

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
<b>Level One</b>		
Investments held as current assets	102,304	102,462
Fixed asset investments	23,434	-
<b>Level Two</b>		
Investments held as current assets	-	39,040
Derivative financial instruments	760	823
<b>Level Three</b>		
Fixed asset investments	313,019	294,169
	<b>439,517</b>	<b>436,494</b>
		<b>Level 3 Financial assets held at fair value through profit or loss £'000</b>
<b>Balance at 1 January 2021</b>		<b>294,169</b>
Purchases		74,492
Sales		(50,703)
Re-categorisation out of level 3		(22,403)
Total investment returns		17,464
<b>Balance at 31 December 2021</b>		<b>313,019</b>

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

	<b>1 January</b>	<b>Cash flows</b>	<b>31 December</b>
	<b>2021</b>	<b>2021</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Cash and cash equivalents	193,548	(26,302)	167,246

## 19 Retirement benefit schemes

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	600	459

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund. At the reporting date, contributions amounting to £28k (2020: £11k) were payable by the group to the fund.

# The Oversight Trust- Assets for the Common Good

## Notes to the Financial Statements (continued)

### 20 Profit and loss account

	<b>2021</b>
	<b>£'000</b>
At 1 January 2021	471,265
Profit for the financial year	8,159
<b>At 31 December 2021</b>	<b>479,424</b>

Cumulative profit and loss net of distributions to owners.

### 21 Non-controlling interest

	<b>2021</b>
	<b>£'000</b>
At 1 January 2021	191,449
Profit in subsidiaries for the financial year	6,710
<b>At 31 December 2021</b>	<b>198,159</b>

The non-controlling interest arises in respect of a 32% interest in Big Society Capital Limited not held by the company.

### 22 Capital commitments

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

#### Investments signed and drawn down

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.

#### Investments signed, commitment undrawn

Legal agreements are completed and signed and funds (in total or partial) have not been drawn down. These are not recognised within the Statement of Financial Position, but are disclosed below.

#### In-principle commitments

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, there were capital commitments, in respect of investments signed, commitments undrawn of:

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Commitments contracted, undrawn fully or partially and not provided in the Financial Statements	186,641	197,783

# The Oversight Trust- Assets for the Common Good

## Notes to the Financial Statements (continued)

As at 31 December, there were in-principle commitments of:

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
In-principle commitments (approved by subsidiary investment committees, subject to legal documentation)	6,000	25,850

### 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;

	<b>Land and buildings</b>	<b>Land and buildings</b>
	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Within one year	642	544
Within two to five years	1,149	1,645
	<b><u>1,791</u></b>	<b><u>2,189</u></b>

During the year, the group incurred expenditure in relation to operating leases amounting to £623k (2020: £647k).

### 24 Related party transactions

During the prior year, the Trust, being the parent company, purchased £45,000k of £1 Ordinary A shares in Big Society Capital Limited. During 2021 Big Society Capital Limited incurred £23k of costs (2020: £48k) 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 (2020: £78k) to Big Society Capital Limited, in respect of a licence fee for the use of its offices, additionally during 2021 Big Society Capital Limited incurred £2k of costs (2020: £nil) on behalf of Access, for which it was reimbursed. As at 31 December 2021 there was an outstanding balance of £7k (2020: £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, 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. Professional fees of £1k (2020: £13k) were charged by Bates Wells Braithwaite to the Trust during the year for legal advice. After the reporting date, the wife of Sir Stuart Etherington resigned from her position in Bates Wells Braithwaite London LLP and was appointed as a partner in Stone King LLP at which point Bates Wells Braithwaite London LLP ceased to be a related party.

Peter Holbrook is the CEO of Social Enterprise UK Limited (SEUK). Transactions with SEUK up to 17 September 2020, the date Peter Holbrook resigned as a director of the group are disclosed below on which date SEUK ceased to be a related party. In the prior year, the following transactions with SEUK took place. Director's fees from the Trust of £2k were paid to SEUK. Payments from the Trust's subsidiaries relate to: BSC's membership of SEUK £2k; a contribution from Access for reports on "The State of Social Enterprise: Regional Reports" £9k and "The Future of Social Investment and Social Enterprise" £15k. SEUK also received payments from Access from the Enterprise Development Programme £5k and for marketing Good Finance £9k.

# The Oversight Trust- Assets for the Common Good

## Notes to the Financial Statements (continued)

The Impact Management Project (IMP), of which Clara Barby was Chief Executive, received £10k (2020: £10k) from Big Society Capital. Big Society Capital acts in an Advisory Capacity on the project's Advisory Board. After the reporting date, IMP's facilitation role concluded at which point IMP ceased to be a related party.

The son of Helen England is paid £125 per month by Youth Futures for his participation in its Future Voices Group. The two year contract began in December 2020, with £2k (2020: £nil) 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 16.

### 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 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

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

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# The Oversight Trust- Assets for the Common Good

## Company Statement of Financial Position

For the year ended 31 December 2021

	Notes	2021 £'000	2020 £'000
<b>Fixed assets</b>			
Investments	2	426,345	426,345
		<u>426,345</u>	<u>426,345</u>
<b>Current assets</b>			
Cash at bank and in hand		709	691
<b>Creditors: amounts falling due within one year</b>		(709)	(691)
		<u>                    </u>	<u>                    </u>
<b>Net assets</b>		<u>426,345</u>	<u>426,345</u>
<b>Capital and reserves</b>			
Profit and loss account		426,345	426,345
<b>Reserves</b>		<u>426,345</u>	<u>426,345</u>

As permitted by s408 Companies Act 2006, the company has not presented its own statement of comprehensive income and related notes as it prepares group accounts. The company's profit and total comprehensive income for the year was £nil (2020: £45,000k).

The notes on pages 60 to 63 form part of these financial statements.

Approved by the Board on 4 August 2022 and signed on its behalf.



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 2021

	Profit and loss account £'000	Total £'000
<b>At 1 January 2020</b>	<b>381,345</b>	<b>381,345</b>
Profit for the financial year	45,000	45,000
<b>At 31 December 2020</b>	<b>426,345</b>	<b>426,345</b>
<b>At 1 January 2021</b>	<b>426,345</b>	<b>426,345</b>
Profit for the financial year	-	-
<b>At 31 December 2021</b>	<b>426,345</b>	<b>426,345</b>

The notes on pages 60 to 63 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 2021

### 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 group's functional currency is pounds sterling, and the group's 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.

#### 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 Oversight Trust- Assets for the Common Good

## Notes to the Financial Statements (continued)

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 Fixed asset investments

<b>Cost</b>	<b>Total</b>
<b>At 1 January 2021 and 31 December 2021</b>	<b>£'000</b>
	<b>426,345</b>

During the prior year, the Trust received £45.0m from the National Lottery Community Fund (NLCF), to enable it to subscribe for capital in Big Society Capital. The entire £45,000k of this was invested in Big Society Capital during the prior year.

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

<b>Company</b>	<b>Class of shares held</b>	<b>Principal place of business</b>	<b>%</b>	<b>Capital and reserves £'000</b>	<b>Profit for the financial year £'000</b>
Access - The Foundation for Social Investment	N/A	New Fetter Place, 8-10 New Fetter Lane, London, EC4A 1AZ	100	44,528	(6,358)
Big Society Capital Limited	Ordinary A shares	New Fetter Place, 8-10 New Fetter Lane, London, EC4A 1AZ	68	620,603	16,125
Fair4All Finance Limited	N/A	2 <sup>nd</sup> Floor, 28 Commercial Street, London, E1 6LS	100	16,600	-
Youth Futures Foundation Limited	N/A	Tintagel House, 92 Albert Embankment, London, SE1 7TY	100	-	-

Big 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.

# The Oversight Trust- Assets for the Common Good

## Notes to the Financial Statements (continued)

### 3 Creditors: amounts falling due within one year

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Accruals	42	41
Deferred income	667	650
	<b><u>709</u></b>	<b><u>691</u></b>

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 and Reconciliation of movements in members' funds

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
At 1 January 2021	426,345	381,345
Profit for the financial year	-	45,000
<b>At 31 December 2021</b>	<b><u>426,345</u></b>	<b><u>426,345</u></b>

### 5 Related party transactions

During the prior year, the Trust, being the parent company, purchased £45,000k of £1 Ordinary A shares in Big Society Capital Limited. During 2021 Big Society Capital Limited incurred £23k of costs (2020: £48k) on behalf of the Trust for which it was reimbursed. No amount was outstanding at the current or comparative reporting date.

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# The Oversight Trust- Assets for the Common Good

## Notes to the Financial Statements (continued)

### 6 Presentation currency

The financial statements are presented in Sterling.

### 7 Legal form of entity and country of incorporation

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### 8 Principal place of business

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