

Registered number  
07611016

The Oversight Trust –  
Assets for the Common Good  
Report and Financial Statements  
31 December 2022

# The Oversight Trust- Assets for the Common Good

## Report and Financial Statements

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# The Oversight Trust- Assets for the Common Good

## Company Information

### Directors

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

Robert Bell (Appointed 24/03/2023)  
David Lindsell (Appointed 24/03/2023)  
Victoria Thornton (Appointed 24/03/2023)

<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 (Chief Executive Officer)

### Auditor

KPMG LLP  
15 Canada Square  
London  
E14 5GL

### Banker

HSBC plc  
69 Pall Mall  
London  
SW1Y 5EY

### Registered office

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

### Registered number

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

## Introduction

2022 was a momentous year for the Oversight Trust ("the Trust"), with the passage of the Dormant Assets Act 2022 which significantly expanded the scope of eligible assets potentially available for distribution in the UK. The Trust has been operating under its current mandate for three years and is now considering the strategic implications of the expansion of the Dormant Assets Scheme ("the Scheme").

## 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 Foundation for Social Investment (Access) - for which the Trust is the sole Member;
3. Fair4All Finance Limited (Fair4All Finance) - for which the Trust is the sole Member; and
4. Youth Futures Foundation Limited (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

The Dormant Assets Act 2022 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, including assets from the insurance and pensions, investment and wealth management and the securities sectors. The statutory background is now referred to as the Dormant Assets Acts 2008-2022. The Government estimates that an additional £738m of dormant asset funding will be made available over time for causes in England thanks to the expansion of the Scheme.

In the past year, there has been considerable public interest in how Dormant Assets allocated to England will be distributed and overseen in the future. Stakeholders, including the Trust's Operating Companies, Government, financial institutions, civil society and other interested parties engaged in a major public consultation in the summer of 2022 on how dormant assets should be used.

The Government has announced that, reflecting the results of the consultation, it has been decided that in England, the money should continue to be used to support: youth; financial inclusion; and social investment wholesalers while community wealth funds will become an additional beneficiary (subject to the necessary secondary legislation being passed by Parliament).

While the causes have been defined, the way to deliver funding through existing or new organisations or programmes needs to be determined.

In this context, the Department for Culture, Media and Sport (DCMS) will be commissioning a review of the governance and oversight structures underlying the Dormant Assets Scheme distributions in England. This will potentially have a significant effect on the operations of all the entities involved in the Scheme and the strategy of the Trust and the resources it will require to fulfil its role. We are committed to taking an active and supportive role in helping DCMS determine the optimal governance structure for dormant assets.

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

## Quadrennial Reviews

Quadrennial Reviews are designed to assess the effectiveness of an Operating Company in achieving its aims as set out in its strategy and consistent with its Objects. Following the Quadrennial Reviews of Big Society Capital (2020) and Access (2021), the Trust commissioned a review of Fair4All Finance in 2022. The panel of independent experts comprised: Keith Leslie (Lead), Danielle Walker Palmour and Claire Brown and was supported by Fiona Young Priest who acted as Secretariat.

The panel's final report was published in January 2023, together with responses from Fair4All Finance and the Trust. It highlighted the challenge of the ambitious target of the organisation to achieve systems change in relation to the issue of financial inclusion and the significant achievements of the organisation. Since its inception in 2019, it has established relationships and a recognised convening role across multiple sectors. It has also produced a portfolio of evidence and research, made investments in community finance providers, delivered its Covid resilience fund and co-ordinated the pilot for the No Interest Loans Scheme.

The final report also reflects that performing the Quadrennial Review can be helpful in shedding light on assessing how an operating company can demonstrate and measure its performance.

Observations detailed in the review's conclusions will be reflected in Fair4All Finance's strategic planning and the Trust intends to monitor follow-up actions.

We are very grateful to the panel for their work and for the positive engagement in the process of both the company and their stakeholders who contributed evidence.

## 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.

An External Governance Review of the Trust was completed in Spring 2022. The Review findings were generally very positive and demonstrated there was an "engaged and active Board". Actions were taken to fully take on board its recommendations. These included developing governance policies, establishing role descriptions and formalising Board appraisal processes.

The Board has also engaged in a number of update and information sessions to improve their understanding of issues faced by the Operating Companies. These have been on topics ranging from the Levelling-Up Agenda; climate change reporting; and the use of social media.

Following a Board Away Day to Wolverhampton in 2022, in early 2023, the Board made a similar visit to Bristol to help better understand front line issues in relation to social investment, youth unemployment and affordable credit and the challenges being faced in the local area. The day was both illuminating and rewarding with speakers and interactive sessions underlining the commitment and determination of local organisations to address the social issues they are engaged with.

## Financials

The 2022 financial results reflect the ongoing operations of Big Society Capital and Access together with the results of Fair4All Finance and Youth Futures as they have evolved from an establishment phase to being fully operational.

# The Oversight Trust- Assets for the Common Good

## Chair's Statement (continued)

The group reports total comprehensive income of £1,774k (2021: £14,869k) all of which is attributable to the group operating companies. The Trust itself had total comprehensive income of £nil in the year (2021: £nil).

Big Society Capital reported total comprehensive income for the year of £4,197k (2021: £16,125k); Access reported a net loss of £8,873k (2021: net loss of £6,358k); Fair4All Finance reported £nil comprehensive income in the year (2021: £nil). Youth Futures reported total comprehensive income of £nil (2021: £nil). In arriving at the results for the Group, a consolidation adjustment has been made of a surplus amounting to £6,450k (2021 £5,102) in order to restate grant income in Fair4All Finance within operating profit to reflect the Group recognition policy. Fair4All Finance elects to recognise these sums, which relate to investments in social enterprises, in Other Comprehensive Income in its own accounts.

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.

After the reporting year-end, in March 2023, DCMS announced that £76m of Dormant Assets would be allocated to Fair4All Finance (£45m), Big Society Capital (£8m) and Access (£23m) to support programmes aimed at mitigating the impact of the cost of living crisis.

## Board

I would like to welcome three new Directors - David Lindsell, Victoria Thornton and Robert Bell who joined the Board in March 2023. Between them they provide a great array of relevant experience and insights and I am sure their perspectives will add significantly to the work of the Trust while ensuring we have a depth of knowledge for continuity as certain Directors approach the end of their terms of office.

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

I would like to also thank Alastair Ballantyne who has capably managed the operations of the Trust and has now become its Chief Executive Officer.



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, Access, Fair4All Finance and 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 stakeholders including the OpCos, DCMS and The National Lottery Community Fund (“NLCF”) to achieve this goal.

The principal objectives and strategies of each of the four OpCos are outlined below. Details of the governance and operating performance of each OpCo can be found in 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).

Decisions by the Board of the Trust are generally by a majority vote. 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 activities within their respective entities although certain decisions, such as the appointment of a chair must be referred to the Oversight Trust. Each OpCo has its own board of directors that reflects its purpose and each company also operates through board committees appropriate to its operations.

## Group Funding

The Trust is funded with monies released from dormant accounts under the Dormant Assets Acts 2008-2022. The reclaim body that manages these funds is Reclaim Fund Limited ("RFL"). Funds deemed to be available after considering potential reclaims are transferred from RFL to NLCF for distribution. Prior to 2019, when YFF and F4AF were established, 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 2022, Big Society Capital had received equity capital from the Trust of £426m. Big Society Capital had also received £200m as an equity investment from its shareholder banks (Barclays, HSBC, Lloyds Banking Group and NatWest Group) for investment across the UK.

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

Fair4All 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. By year end 2022, Fair4All Finance had been allocated an additional £45m of dormant account funding and Youth Futures £20m.

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

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.



# The Oversight Trust- Assets for the Common Good

## Strategic Report (continued)

### OpCos' Principal Objectives and Strategy

#### Big Society Capital

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

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

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 Priorities

Big Society Capital's strategy to 2025 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**

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.

# The Oversight Trust- Assets for the Common Good

## Strategic Report (continued)

### Access' Strategic Priorities

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

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

## **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

Fair4All Finance's strategic priorities are to:

- 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.
- Develop new products and the market – 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**

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:

# The Oversight Trust- Assets for the Common Good

## Strategic Report (continued)

- ethnic minorities, particularly those most at risk of facing disparities in the labour market
- those who are economically disadvantaged because of caring responsibilities
- those with special educational needs or disabilities or experience of school exclusion
- those with experience of homelessness
- those with a mental health or long-term health condition
- those with 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. Possible changes to the Government's approach to the governance and oversight of dormant assets and the possible withdrawal of funding for the Trust's operations
2. The loss of key personnel, both at the Trust and at an OpCo.
3. Emerging compliance issues such as capital rules for the Trust as a holding company or environmental reporting requirements for the Group as a whole.
4. A high profile failure of an organisation funded by the Group which could cause reputational damage to the Trust and the scheme more widely.
5. A cyber attack or IT failure in the Group.

More generally, a loss of confidence by stakeholders in the effectiveness of the Trust or delivery by the OpCos could result in a change to the funding direction 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 problems early. While the Trust's operations are not very technology dependent, all documents held electronically have cloud back-up and a consultant provides expert IT systems support.

The Trust and all of the OpCos have established risk management systems including risk registers, identifying major risks and mitigants, that are regularly reviewed by their respective boards.

Key risks identified by OpCos include: external; strategic; and reputational risks.

An assessment of the risks of 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 55 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 2022, the Trust has invested £426,345k (2021: £426,345k). Big Society Capital has received further investment of £200m from its shareholder banks (Barclays, HSBC, Lloyds Banking Group and NatWest Group). The shareholder banks hold the minority interest set out in these financial statements – each bank’s individual shareholding is limited to not more than 10% of the outstanding paid-up capital. 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 has received funding from the proceeds of dormant assets under grant agreements with NLCF in accordance with policy directions provided by government. Access was also initially established through a £60.7m endowment from DCMS.

The group’s investment portfolio is made up of a Social Impact Investment Portfolio and a Treasury Portfolio. The group’s Social Impact Investment Portfolio comprises investments made by 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 group reports total revenue for 2022 of £37,480k (2021: £52,140k). Of this total, £24,691k is attributable to income from grants (2021: £27,398k). Combined revenue from the group’s Social Impact Investment Portfolio and its Treasury Portfolio was £12,451k (2021: £24,500k), the reduction in income results principally from favourable valuation movements in Big Society Capital’s social impact investments being at a lower level than in 2021.

The group incurred costs in 2022 of £35,710k (2021: £37,436k), of which £22,411k (2021: £18,575k) relates to administrative costs, whilst £13,299k (2021: £18,861k) 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 £11,685k, or 52% (2021: £9,176k, or 49%). 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 headcount increased from 138 to 166.

Grants payable have fallen during the year by £5,562k with the most significant reductions being in Access – The Foundation for Social Investment, following significant grant commitments in 2021, which have not been matched in 2022 due to variability in the timing of programme outflows.

The group’s net assets at the end of the year were £679,357k (2021: £677,583k) - an increase of £1,774k.

The Trust, the group’s parent company, reports total comprehensive income of £nil (2021: £nil). The company recognised income from grants of £417k (2021: £335k) matching its operating costs for the year. At the end of the year it held £250k (2021: 667k) of income received yet to be utilised in support of its operations.

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

## Future developments

The Government has indicated there could be the potential for a further £880m of dormant assets in the UK that may be released under the expanded scheme over time (of which £738m would be allocated for England). The funds can begin to flow once the processes for managing the new assets have been agreed with the financial services industry and its regulators.

# The Oversight Trust- Assets for the Common Good

## Strategic Report (continued)

On 7 March 2023, DCMS announced the allocation of £76m of dormant assets for cost-of-living related initiatives. This comprises a grant of £45m to Fair4All Finance and £31m for social investment initiatives (£23m to Access and £8m to Big Society Capital).

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

Within this framework, DCMS has a plan of work to determine how Dormant Assets for England should be allocated and the governance structure designed and potentially enhanced for the expanded Scheme. The Trust is working closely with DCMS on this initiative.

## 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 Executive 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.

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

## 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.

## 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 such as approaches to impact reporting.

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 Executive 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) and Outturn

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

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

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

In 2022, the Trust commissioned its third OpCo Quadrennial Review. The review (following those of Big Society Capital in 2020, and Access in 2021) was of Fair4All Finance and was published in January 2023 alongside Fair4All Finance's response.

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

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

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

## 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 support the Government as it expands 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 estimated that a potential £880m of additional Dormant Assets could be available for distribution over time (of which £738m would be for distribution in England). 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.

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 28 July 2023 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 2022.

### Directors

The following persons served as directors during the year:

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

Three additional Directors joined the Board of Directors on 24 March 2023:

- Robert Bell
- David Lindsell
- Victoria Thornton

### Remuneration

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

For 2022, the Board agreed that from 1 April 2022, the Trust's Directors should be offered £5,312 pa (£5,035 pa prior to this date). The Chair, who is also the highest paid director, is offered an additional £5,312 pa (£5,035 pa prior to this date) and the lead of the Quadrennial Review an additional £2,656 pa (£2,518 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 £45k (2021: £43k) in payments to directors for services rendered in the current year. As payments to Directors are paid semi-annually in March and September, £44k (2021: £43k) was actually paid to directors in the financial year.

Disclosure of the remuneration paid to the directors of the group's OpCos are disclosed in the individual accounts of the OpCos 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:

	2022	2021
£60,000-£69,999	17	15
£70,000-£79,999	15	15
£80,000-£89,999	12	6
£90,000-£99,999	4	2
£100,000-£109,999	3	2
£110,000-£119,999	1	2
£120,000-£129,999	5	2
£140,000-£149,999	1	-
£150,000-£159,999	1	2
	<hr/>	<hr/>
	59	46

37 (2021: 29) 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 (2021: 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 (2021: 5) of these employees participate in Fair4All Finance's stakeholder pension scheme set at 4% employer contribution and 4% employee contribution.

7 (2021: 5) of these employees participate in Youth Futures' stakeholder pension scheme set at 6% employer contribution and 5% employee contribution.

### Financial Results

The total comprehensive income for the year, after taxation, amounted to £1,774k (2021: £14,869k). 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.

# The Oversight Trust- Assets for the Common Good

## Directors' Report (continued)

### Pillar III and IFPR 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.

### Political contributions

Neither the company nor any of its subsidiaries made any disclosable political donations or incurred any disclosable political expenditure during the year (2021: £nil).

### Auditor

During the year, the Board together with the Board of Big Society Capital sought to retender their audit arrangements. Following a rigorous process, PricewaterhouseCoopers have been appointed to act as external auditors with effect from the 2023 financial year. KPMG will step down as auditors on the signing of this report and accounts.

### 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 2022 financial year:

Name	Organisation Name	Details
Joanna Fox	Department for Digital, Culture, Media and Sport (DCMS)	Government appointee <sup>(1)</sup>
Ian Hughes	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
Sir Stuart Etherington	Bates Wells	Wife was a Partner in this Law Firm until 31 March 2022. <sup>(2)</sup>
Stephen Howard	Power to Change Trustee Limited  Big Issue Invest Limited (BII)	Until December 2022, was Chair of organisation which makes investments alongside Big Society Capital  Non-Executive Director of organisation; Big Society Capital has invested in funds managed by BII.

# The Oversight Trust- Assets for the Common Good

## Directors' Report (continued)

Nicola Pollock	SASC Trust	Trustee (and since June 2023, Chair) of SASC Trust, Big Society Capital invests in funds managed by Social and Sustainable Capital LLP
Helen England	Youth Futures Foundation	Son was a Member of Youth Futures' Future Voices Group until December 2022 <sup>(2)</sup>
Clara Barby	Bridges Fund Management	Until December 2021 was a partner of an organisation that manages funds in which Big Society Capital has invested
	Impact Management Project	Until December 2021 was 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 Assets Acts 2008-2022. 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

# The Oversight Trust- Assets for the Common Good

## Directors' Report (continued)

- 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

### 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 28 July 2023 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 2022 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 Cashflows, the Company Statement of Comprehensive Income, 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 2022 and the group’s profit and the Company’s results 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.

### 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:

# The Oversight Trust- Assets for the Common Good

## Independent Auditor's Report (continued)

- 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 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.

# The Oversight Trust- Assets for the Common Good

## Independent Auditor's Report (continued)

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

31 July 2023



# The Oversight Trust- Assets for the Common Good

## Consolidated Statement of Comprehensive Income

For the year ended 31 December 2022

		<b>2022</b>	<b>2021</b>
	<b>Notes</b>	<b>£'000</b>	<b>£'000</b>
Income from grants	<b>2</b>	24,691	27,398
Revenue from investments	<b>3</b>	12,451	24,500
Other income		338	242
<b>Total Revenue</b>		<b>37,480</b>	<b>52,140</b>
Administrative and other expenses	<b>4</b>	(22,411)	(18,575)
Grants payable	<b>5</b>	(13,299)	(18,861)
<b>Operating profit</b>		<b>1,770</b>	<b>14,704</b>
Tax credit on gain on ordinary activities	<b>7</b>	4	165
<b>Total comprehensive income for the year</b>		<b>1,774</b>	<b>14,869</b>
Total comprehensive income for the year attributable to:			
- Non-controlling interest	<b>21</b>	1,340	6,710
- Equity attributable to the parent	<b>20</b>	434	8,159
		<b>1,774</b>	<b>14,869</b>

The results above relate to continuing operations.

The notes on pages 29 to 55 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 2022

	Notes	2022 £'000	2021 £'000
<b>Fixed assets</b>			
Intangible assets	8	82	43
Tangible assets	9	164	205
Investments	10	399,411	366,616
		<b>399,657</b>	<b>366,864</b>
<b>Current assets</b>			
Debtors	11	2,139	2,705
Investments	12	311,994	312,042
Cash at bank and in hand	13	70,113	100,608
		<b>384,246</b>	<b>415,355</b>
<b>Creditors: amounts falling due within one year</b>	14	(78,326)	(89,470)
		<b>305,920</b>	<b>325,885</b>
<b>Net current assets</b>		<b>305,920</b>	<b>325,885</b>
<b>Total assets less current liabilities</b>		<b>705,577</b>	<b>692,749</b>
<b>Creditors: amounts falling after more than one year</b>	14	(26,212)	(15,155)
<b>Provisions for liabilities</b>			
Deferred taxation	15	(8)	(11)
<b>Net assets</b>		<b>679,357</b>	<b>677,583</b>
<b>Capital and reserves</b>			
Profit and loss account	20	479,858	479,424
<b>Equity attributable to the parent</b>		<b>479,858</b>	<b>479,424</b>
Non-controlling interest	21	199,499	198,159
<b>Total capital employed</b>		<b>679,357</b>	<b>677,583</b>

The notes on pages 29 to 55 form part of these financial statements.

Approved by the Board on 28 July 2023 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 2022

	<b>Non-controlling interest £'000</b>	<b>Profit and loss account £'000</b>	<b>Total £'000</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>
<b>At 1 January 2022</b>	198,159	479,424	677,583
Profit for the financial year	1,340	434	1,774
<b>At 31 December 2022</b>	<b>199,499</b>	<b>479,858</b>	<b>679,357</b>

The notes on pages 29 to 55 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 2022

	Notes	2022 £'000	2021 £'000
<b>Operating activities</b>			
Operating profit		1,770	14,704
Adjustments for:			
Depreciation and amortisation		128	107
Loss on disposal of tangible asset		5	-
		<u>1,903</u>	<u>14,811</u>
Decrease/(increase) in debtors		383	(744)
(Decrease)/increase in creditors		(87)	11,787
		<u>2,199</u>	<u>25,854</u>
Returns on fixed asset investments		(9,812)	(17,600)
Returns on current asset investments		2,424	(2,296)
Foreign exchange (gains)/losses		(1,404)	1,998
Corporation tax received/(paid)		187	(29)
<b>Cash (used)/generated in operating activities</b>		<u><b>(6,406)</b></u>	<u><b>7,927</b></u>
<b>Investing activities and interest</b>			
Payments to acquire tangible and intangible fixed assets		(131)	(161)
Payments to acquire fixed asset investments		(70,840)	(83,062)
Payments to acquire current asset investments		(118,778)	(53,921)
Proceeds from sale of fixed asset investments		48,214	52,880
Proceeds from sale of current asset investments		105,854	50,035
<b>Cash used in investing activities</b>		<u><b>(35,681)</b></u>	<u><b>(34,229)</b></u>
<b>Net cash generated</b>			
Cash (used)/generated in operating activities		(6,406)	7,927
Cash used in investing activities		(35,681)	(34,229)
<b>Net cash used</b>		<u><b>(42,087)</b></u>	<u><b>(26,302)</b></u>
Cash and cash equivalents at 1 January		167,246	193,548
Cash and cash equivalents at 31 December	13	<u><b>125,159</b></u>	<u><b>167,246</b></u>
<b>Cash and cash equivalents comprise:</b>			
Cash at bank		70,113	100,608
Current asset investments (maturity less than three months from the date of acquisition)		55,046	66,638
	13	<u><b>125,159</b></u>	<u><b>167,246</b></u>

The notes on pages 29 to 55 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 2022

### 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 £479,858k and has reported a profit for the year of £1,774k. The group had cash and current asset investments of £382,107k 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 wider economic issues 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 (under Group Funding). For this reason, the Directors have adopted the going concern basis in preparing these financial statements.

#### Basis of consolidation

The consolidated financial statements incorporate the company and its subsidiaries. Control is achieved where the group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The Trust has 80% of voting rights in 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.

#### 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 (2021: £nil), the carrying value of Level 2 derivatives was £nil (2021: £760k) and the carrying value of Level 3 fixed asset investments was £342,878k (2021: £313,019k).

### Foreign currency

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

### Subsidiaries and Associates held as part of an investment portfolio

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. Big Society Capital's capital grant from the Department for Levelling Up, Housing and Communities is included within deferred income in the Consolidated Statement of Financial Position and credited to the Statement of Comprehensive Income over the expected useful lives of the assets to which it relates. 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.

# The Oversight Trust- Assets for the Common Good

## Notes to the Financial Statements (continued)

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.

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.

### 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 arm's length transaction. This amount is determined based on observable exchange rates.

### vi.) Offsetting

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

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

### vii.) Derecognition

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

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

### Investments held as current assets

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

### Cash and cash equivalents

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

### Intangible fixed assets

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

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

Software development	Over 3 years
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# The Oversight Trust- Assets for the Common Good

## Notes to the Financial Statements (continued)

### Tangible fixed assets

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

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

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

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

### Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the 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>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Grant income from the National Lottery Community Fund	23,285	27,004
Other government grant income	1,270	394
Other grant income received	136	-
	<b><u>24,691</u></b>	<b><u>27,398</u></b>

Under the terms of its funding agreement to support its role in oversight of the operating companies, the Trust received a grant for £nil from the NLCF in 2022 (2021: £352k). 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 £417k (2021: £335k) 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 2020, 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 2020, the first tranche of £21,000k was received, of which £2,046k (2021: £6,051k) has been recognised as income in-line with budgeted expenditure. £110k (2021: £116k) 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 the prior year, Fair4All received £20,052k from the NLCF. £3,916k (2021: £3,308k) of funding has been released against costs incurred on operations and grants payable of the company. £6,850k (2021: £5,500k) of funding has been released against the book cost of social investments made by the company.
- In the current year, Youth Futures received a further £12,573k (2021: £nil) from the NLCF. £9,946k (2021: £11,694k) 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 £10,000k (2021: £15,750k) 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 2022, £710k (2021: £394k) of these funds has been recognised as income.

# The Oversight Trust- Assets for the Common Good

## Notes to the Financial Statements (continued)

### 3 Revenue from investments

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
<b>Total Revenue</b>	12,451	24,500
<b>Represented by:</b>		
<b>Income</b>		
Social Impact Investment Portfolio	3,066	4,022
Treasury Portfolio	6,172	3,701
	<u>9,238</u>	<u>7,723</u>
<b>Investment gains/(losses)</b>		
Social Impact Investment Portfolio	7,679	16,716
Treasury Portfolio	(4,466)	61
	<u>3,213</u>	<u>16,777</u>

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

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
<b>Total Revenue</b>	10,745	20,738
<b>Represented by:</b>		
<b>Income</b>		
Interest income on financial assets designated as fair value	1,798	3,017
Interest income on financial assets carried at amortised cost	851	710
Dividend income from financial assets designated as fair value	400	224
Fees received	17	71
	<u>3,066</u>	<u>4,022</u>
<b>Investment gains/(losses)</b>		
Net gains from financial assets designated as fair value	7,650	16,583
Net (losses)/gains from financial assets carried at amortised cost	(329)	294
Net foreign exchange gains/(losses) from financial assets designated as fair value	358	(161)
	<u>7,679</u>	<u>16,716</u>

# The Oversight Trust- Assets for the Common Good

## Notes to the Financial Statements (continued)

### 3b Total Revenue - Treasury Portfolio

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
<b>Total Revenue</b>	1,706	3,762
<b>Represented by:</b>		
<b>Income</b>		
Interest income on financial assets designated as fair value	1,462	-
Interest income on financial assets designated as amortised cost	4,558	3,574
Dividend income on financial assets designated as fair value	152	127
	<b>6,172</b>	<b>3,701</b>
<b>Investment gains/(losses)</b>		
Net (losses)/gains from financial assets designated as fair value	(4,752)	720
Net losses from financial assets carried at amortised cost	(180)	(805)
Net (losses)/gains on currency forward derivatives	(4,378)	1,546
Net foreign exchange gains/(losses) from financial assets carried at amortised cost	4,844	(1,400)
	<b>(4,466)</b>	<b>61</b>

Total revenue decreased significantly in 2022, primarily as result of lower but still positive write-ups within the Social Impact Investment Portfolio of Big Society Capital Limited.

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 2022, the company made investments in foreign currency denominated assets. As outlined in Note 16 – Financial risk management and financial instruments, the foreign exchange risk of our managed Treasury assets (debt securities) is handled with currency forward derivative contracts. Any gains/losses on the revaluation of foreign currency denominated assets offset the corresponding gains/losses on the currency forward derivatives to the extent that the derivatives match the underlying currency exposure. During 2022, the exchange gain on foreign currency denominated debt securities was £4,844k (2021: loss of £1,400k), which was offset by a loss on the currency forward derivatives in 2022 of £4,378k (2021: gain of £1,546k), resulting in a net foreign exchange gain of £466k (2021: £146k).

# The Oversight Trust- Assets for the Common Good

## Notes to the Financial Statements (continued)

### 4 Administrative and other expenses

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Wages and salaries	9,453	7,504
Non-executive directors' fees	288	233
Social security costs	1,140	839
Pension costs	804	600
Staff-related costs, including recruitment, training and travel	989	635
Interim staff and secondees fees	471	474
Premises	1,177	975
Consultancy fees	2,719	3,838
Marketing and events	504	412
Research	624	358
Audit fees	208	163
IT and website development costs	807	651
Legal and other professional fees	2,340	986
Amortisation of intangible assets (refer to note 8)	19	10
Depreciation of owned fixed assets (refer to note 9)	109	97
General and administrative expenses	358	294
<b>Total administrative expenses</b>	<b>22,010</b>	<b>18,069</b>
Treasury management fees	401	506
<b>Total other expenses</b>	<b>401</b>	<b>506</b>
<b>Total administrative and other expenses</b>	<b>22,411</b>	<b>18,575</b>
Amounts receivable by the group's auditor and its associates in respect of:		
Audit of these financial statements	28	29
Audit of financial statements of subsidiaries of the company	138	94
Other assurance services	26	14
Taxation compliance services	16	26
	<b>208</b>	<b>163</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	82	68
Fair4All Finance Limited	32	32
Oversight Trust - Assets for the Common Good	1	1
Youth Futures Foundation Limited	43	29
	<b>166</b>	<b>138</b>

# The Oversight Trust- Assets for the Common Good

## Notes to the Financial Statements (continued)

### 5 Grants payable

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Grants payable	13,299	18,861
	<b>13,299</b>	<b>18,861</b>

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 £44k (2021:£43k) in payments to directors for services rendered in the current year, £11k (2021: £11k) was outstanding at year end. Including employer's national insurance, £166k (2021: £158k) was paid to the key management personnel (including the non-executive directors) of the Group; no pension contributions were made during the current or prior years.

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

### 7 Taxation

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
<b>Analysis of charge in period</b>		
Current tax:		
- UK corporation tax on profits of the period	111	-
- Adjustments in respect of previous periods	(112)	(157)
	<b>(1)</b>	<b>(157)</b>
Deferred tax:		
- Origination and reversal of timing differences	(3)	(8)
	<b>(3)</b>	<b>(8)</b>
<b>Tax credit on profit on ordinary activities</b>	<b>(4)</b>	<b>(165)</b>

# 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>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Profit on ordinary activities before tax	1,770	14,704
Standard rate of corporation tax in the UK	19.0%	19.0%
Profit on ordinary activities multiplied by the standard rate of corporation tax	336	2,794
Effects of:		
Capital grant income not subject to tax	(1,302)	(1,045)
Losses relating to the group's charitable entities	1,686	1,208
Income not taxable and/or expenses not allowable for tax purposes	(1,085)	(3,087)
Capital allowances for period in excess of depreciation	1	5
Utilisation of tax losses	459	125
Adjustments to tax charge in respect of previous periods	(112)	(157)
Deferred tax – origination and reversal of timing differences	(3)	(8)
Movement in deferred tax not recognised	16	-
<b>Current tax credit for period</b>	<b>(4)</b>	<b>(165)</b>

## 8 Intangible fixed assets

	<b>Software development</b>
	<b>£'000</b>
<b>Cost</b>	
At 1 January 2022	109
Additions	58
<b>At 31 December 2022</b>	<b>167</b>
<b>Amortisation</b>	
At 1 January 2022	66
Provided during the year	19
<b>At 31 December 2022</b>	<b>85</b>
<b>Carrying amount</b>	
<b>At 31 December 2022</b>	<b>82</b>
At 31 December 2021	43



# The Oversight Trust- Assets for the Common Good

## Notes to the Financial Statements (continued)

### 9 Tangible fixed assets

	Leasehold land and buildings £'000	Fixtures, fittings, tools and equipment £'000	Total £'000
<b>Cost</b>			
At 1 January 2022	363	621	984
Additions	-	73	73
Disposals	-	(5)	(5)
<b>At 31 December 2022</b>	<b>363</b>	<b>689</b>	<b>1,052</b>
<b>Depreciation</b>			
At 1 January 2022	342	437	779
Charge for the year	6	103	109
Eliminated on disposal	-	-	-
<b>At 31 December 2022</b>	<b>348</b>	<b>540</b>	<b>888</b>
<b>Carrying amount</b>			
<b>At 31 December 2022</b>	<b>15</b>	<b>149</b>	<b>164</b>
At 31 December 2021	21	184	205

### 10 Fixed asset investments

	Total £'000
<b>Social Impact Investment Portfolio</b>	
At 1 January 2022	366,616
Additions	70,840
Sale proceeds	(40,924)
Income distributions	(7,290)
Income accrued	2,490
Investment gains	7,679
<b>At 31 December 2022</b>	<b>399,411</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	BSC % as at 31 December 2022	Aggregate capital and reserves of the entity <sup>2</sup> £'000	Aggregate profit/(loss) for the year of the entity <sup>2</sup> £'000
<b>Ada Ventures Soc I LP</b>	Humphreys Law Ltd, 5 Merchant Square, London W2 1AY, UK	Partnership interest	100.00	2,525	529
<b>Ada Ventures Soc II LP</b>	Humphreys Law Ltd, 5 Merchant Square, London W2 1AY, UK	Partnership interest	100.00	N/A <sup>3</sup>	N/A <sup>3</sup>
<b>Bethnal Green Ventures LLP</b>	First Floor, 27 Cursitor Street, London EC4A 1LT, UK	Partnership interest	35.35	1,186	(341)
<b>Big Issue Invest Outcomes Investment Fund LP</b>	113-115 Fonthill Road, Finsbury Park, London N4 3HH, UK	Partnership interest	85.00	6,740	139

# 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	12,815	72
<b>Bridges Evergreen BSC Housing Co-Investment LP</b>	38 Seymour Street, London W1H 7BP, UK	Partnership interest	100.00	354	(21)
<b>Bridges Evergreen Capital Limited Partnership</b>	38 Seymour Street, London W1H 7BP, UK	Partnership interest	37.65	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 Islands	Partnership interest	100.00	918	6
<b>City Funds LP</b>	Narrow Quay House, Narrow Quay, Bristol BS1 4QA, UK	Partnership interest	50.00	5,699	(26)
<b>Community Owned Renewable Energy LLP</b>	W106 Vox Studios, 1-45 Durham Street, London SE11 5JH, UK	Partnership interest	50.00	18,898	700
<b>CT UK Residential Real Estate FCP-RAIF</b>	49, JF Kennedy Avenue, L-1855 Luxembourg	Registered shares	33.33	Holding less than 50%, no public filing required	
<b>Eka Ventures 1 LP</b>	Flat 1, Knaresborough House, 5-7 Knaresborough Place, London SW5 0TN, UK	Partnership interest	99.25	3,776	1,743
<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>Funding Affordable Homes SICAV SIF S.A.</b>	18 Savile Row, London W1S 3PW	Registered shares	26.04	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	38.46	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	3,404	(351)
<b>Public Services Lab LLP</b>	Queens Insurance Building Suite 3a, 24 Queen Avenue, Liverpool L2 4TZ, UK	Partnership interest	28.28	141	(66)
<b>Resonance Everyone In Limited Partnership</b>	The Great Barn, 5 Scarne Court, Hurdon Road, Launceston, Cornwall PL15 9LR, UK	Partnership interest	43.15	Holding less than 50%, no public filing required	

# The Oversight Trust- Assets for the Common Good

## Notes to the Financial Statements (continued)

<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	3,928	(6)
<b>Schroder BSC Social Impact Trust</b>	1 London Wall Place, London EC2Y 5AU, UK	Ordinary	26.28	89,916	1,443
<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	46.15	4,062	(556)
<b>Social Growth Fund LLP</b>	6 Broughton Street Lane, Edinburgh, Midlothian EH1 3LY, UK	Partnership interest	50.00	5,325	63
<b>The Charity Bank Limited</b>	Fosse House, 182 High Street, Tonbridge, Kent TN9 1BE, UK	Ordinary	51.93	26,748	944
<b>The Community Investment Fund L.P.</b>	4th Floor, Reading Bridge House, George Street, Reading, Berkshire RG1 8LS, UK	Partnership interest	53.65	13,351	354
<b>The Good Food Ventures LP</b>	4th Floor, 20 Air Street, London W1B 5DL, UK	Partnership interest	29.92	Holding less than 50%, no public filing required	
<b>The Third Sector Investment Fund LLP</b>	4th Floor, Reading Bridge House, George Street, Reading, Berkshire RG1 8LS, UK	Partnership interest	91.91	8,916	(100)
<b>Women in Safe Homes Limited Partnership</b>	The Great Barn, 5 Scarne Court, Hurdon Road, Launceston, Cornwall 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	(495)

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 2022.

# The Oversight Trust- Assets for the Common Good

## Notes to the Financial Statements (continued)

### 11 Debtors

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Other debtors	255	597
Prepayments	825	714
Accrued income	1,059	448
Corporation tax recoverable	-	186
Treasury portfolio - derivative financial instruments	-	760
	<b>2,139</b>	<b>2,705</b>

### 12 Investments held as current assets

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Treasury Portfolio – cash deposits	5	12,138
Treasury Portfolio – listed debt securities	200,365	227,761
Treasury Portfolio – social bonds/equity/multi-asset funds	111,624	72,143
	<b>311,994</b>	<b>312,042</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 £660k (2021: £370k), 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>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Cash at bank	70,113	100,608
Current asset investments (maturity less than three months from the date of acquisition)	55,046	66,638
<b>Cash and cash equivalents per statement of cash flows</b>	<b>125,159</b>	<b>167,246</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

	2022 £'000	2021 £'000
<b>Amounts falling due within one year</b>		
Trade creditors	1,089	2,780
Other taxes and social security costs	419	275
Accruals	2,949	1,356
Grants payable	9,047	11,844
Deferred income - National Lottery Community Fund	61,554	71,832
Deferred income – other	1,685	530
Other creditors	1,583	853
	<b>78,326</b>	<b>89,470</b>
<b>Amounts falling due after more than one year</b>		
Accruals	2,631	-
Deferred income - National Lottery Community Fund	-	324
Deferred income – other	23,581	14,831
	<b>26,212</b>	<b>15,155</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 2021</b>	<b>12,114</b>	<b>29,667</b>	<b>667</b>	<b>29,708</b>	<b>72,156</b>
Grant monies received in 2022*	-	-	-	12,573	<b>12,573</b>
Grant monies spent in 2022	(2,046)	(10,766)	(417)	(9,946)	<b>(23,175)</b>
<b>Deferred income at 31 December 2022</b>	<b>10,068</b>	<b>18,901</b>	<b>250</b>	<b>32,335</b>	<b>61,554</b>

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

\* 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

	2022 £'000	2021 £'000
Accelerated capital allowances	8	11
Adjustment in respect of prior period	(478)	529
Tax losses carried forward	(1,819)	(1,836)
Tax losses not recognised as a deferred tax asset	2,297	1,307
<b>Provision for deferred tax</b>	<b>8</b>	<b>11</b>
<b>Provision for liabilities</b>		
At 1 January 2022	11	19
Credited to the profit and loss account	(3)	(8)
<b>At 31 December 2022</b>	<b>8</b>	<b>11</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 an Audit and Risk Committee (or equivalent) to consider relevant matters including in relation to reviewing, managing and mitigating risk with regards to Financial and other matters. Where appropriate additional committee structures consider the specific review and approval of investments which also consider related risk.

As described in the Strategic Report starting on page 7 above, the group's 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 Big Society Capital Investment Committee is chaired by the Big Society Capital CEO and comprises eight members with extensive investment experience, including the two Chief Investment Officers and two independent Board Directors.

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

#### Categories of financial instrument

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

<b>2022</b>	<b>Financial instruments measured at fair value through profit or loss £'000</b>	<b>Financial instruments measured at amortised cost £'000</b>	<b>Non-financial instruments £'000</b>	<b>Total £'000</b>
<b>Assets</b>				
Tangible and intangible fixed assets	-	-	246	<b>246</b>
Fixed asset investments	363,921	35,490	-	<b>399,411</b>
Debtors	-	1,314	825	<b>2,139</b>
Investments held as current assets	133,820	178,174	-	<b>311,994</b>
Cash at bank and in hand	-	70,113	-	<b>70,113</b>
<b>Liabilities</b>				
Creditors	-	(17,718)	(86,820)	<b>(104,538)</b>
Deferred taxation	-	-	(8)	<b>(8)</b>
Non-controlling interest	-	-	(199,499)	<b>(199,499)</b>
	<b>497,741</b>	<b>267,373</b>	<b>(285,256)</b>	<b>479,858</b>

# The Oversight Trust- Assets for the Common Good

## Notes to the Financial Statements (continued)

2021

	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	-	-	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 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:

2022

	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	3,260	-	5,409	-	8,669
Fee and dividend income	569	-	-	-	569
Investment gains/(losses)	3,256	(4,378)	4,335	-	3,213
Income from grants and other resources	-	-	-	25,029	25,029
Administrative and other expenses	-	-	(401)	(35,309)	(35,710)
Tax on profit on ordinary expenses	-	-	-	4	4
	<b>7,085</b>	<b>(4,378)</b>	<b>9,343</b>	<b>(10,276)</b>	<b>1,774</b>

# The Oversight Trust- Assets for the Common Good

## Notes to the Financial Statements (continued)

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 sources	-	-	-	27,640	27,640
Administrative and other expenses	-	-	(506)	(36,930)	(37,436)
Tax on profit 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>

### 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



# The Oversight Trust- Assets for the Common Good

## Notes to the Financial Statements (continued)

agreements with a limited number of mainstream financial institutions and reliance upon the collateral management processes at the investment manager.

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

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Fixed asset investments	399,711	366,616
Other debtors	255	597
Accrued income	1,059	448
Social bond/equity/multi-asset funds – Investments held as current assets	111,624	72,143
Cash deposits – Investments held as current assets	5	12,138
Listed debt securities*	184,251	226,685
Cash deposits – Cash at bank and in hand	70,113	100,608
<b>Maximum exposure to credit risk as at the Statement of Financial Position date</b>	<b>767,018</b>	<b>779,235</b>
<b>* Included within listed debt securities:</b>	<b>Credit risk exposure</b>	<b>Carrying value</b>
	<b>£'000</b>	<b>£'000</b>
Listed debt securities designated as at amortised cost	162,055	177,869
Listed debt securities designated as at fair value	22,196	22,496
	<b>184,251</b>	<b>200,365</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>2022</b>	<b>2021</b>
		<b>£'000</b>	<b>£'000</b>
Social bond/equity/multi-asset funds investments	AAA	41,477	39,500
Social bond/equity/multi-asset funds investments	Not rated	70,147	32,643
Listed debt securities	AAA	8,712	18,647
Listed debt securities	AA	26,710	39,019
Listed debt securities	A	71,374	96,060
Listed debt securities	BBB	57,805	49,643
Listed debt securities	BB	399	446
Listed debt securities	Not rated	7,839	9,926
Unlisted debt securities	Not rated	11,412	12,944
Cash deposits – Investments held as current assets	Not rated	5	12,138
Cash deposits – Cash at bank and in hand	A-1	70,113	100,608
		<b>365,993</b>	<b>411,574</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 Oversight Trust- Assets for the Common Good

## Notes to the Financial Statements (continued)

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 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>2022</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	78,326	15,087	9,732
Creditors: amounts falling due after more than one year	26,212	2,631	-
	<b><u>104,538</u></b>	<b><u>17,718</u></b>	<b><u>9,732</u></b>
<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><u>104,625</u></b>	<b><u>17,108</u></b>	<b><u>8,397</u></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 £382,107k (2021: £412,650k) 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 £3,821k (2021: £4,127k).

### 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.

# The Oversight Trust- Assets for the Common Good

## Notes to the Financial Statements (continued)

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

### 17 Valuation of financial instruments

The determination of fair value for basic financial instruments for which there is no observable market price requires the use of valuation techniques as described in Note 1 – 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 (2022 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>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
<b>Level One</b>		
Investments held as current assets	133,820	102,304
Fixed asset investments	20,743	23,434
<b>Level Two</b>		
Derivative financial instruments	-	760
<b>Level Three</b>		
Fixed asset investments	343,178	313,019
	<b>497,741</b>	<b>439,517</b>
		<b>Level 3 Financial assets held at fair value through profit or loss £'000</b>
<b>Balance at 1 January 2022</b>		<b>313,019</b>
Purchases		60,040
Sales		(36,117)
Total investment returns		6,236
<b>Balance at 31 December 2022</b>		<b>343,178</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>2022</b>	<b>£'000</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Cash and cash equivalents	167,246	(42,087)	125,159

## 19 Retirement benefit schemes

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	804	600

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 £53k (2021: £28k) 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>2022</b>
	<b>£'000</b>
At 1 January 2022	<b>479,424</b>
Profit for the financial year	434
<b>At 31 December 2022</b>	<b>479,858</b>

Cumulative profit and loss net of distributions to owners.

### 21 Non-controlling interest

	<b>2022</b>
	<b>£'000</b>
At 1 January 2022	<b>198,159</b>
Profit in subsidiaries for the financial year	1,340
<b>At 31 December 2022</b>	<b>199,499</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>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Commitments contracted, undrawn fully or partially and not provided in the Financial Statements	186,040	186,641

# 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>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
In-principle commitments (approved by subsidiary investment committees, subject to legal documentation)	3,000	6,000

### 23 Other financial commitments

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

	<b>Land and buildings</b>	<b>Land and buildings</b>
	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Within one year	639	642
Within two to five years	619	1,149
	<b>1,258</b>	<b>1,791</b>

During the year, the group incurred expenditure in relation to operating leases amounting to £747k (2021: £623k).

### 24 Related party transactions

During the year, Big Society Capital Limited incurred £10k of costs (2021: £23k) 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 (2021: £78k) to Big Society Capital Limited, in respect of a licence fee for the use of its offices, additionally during 2022 Big Society Capital Limited incurred £nil of costs (2021: £2k) on behalf of Access, for which it was reimbursed. As at 31 December 2022 there was an outstanding balance of £7k (2021: £7k). The transactions were made on terms equivalent to those that prevail in arm's length transactions.

The wife of Sir Stuart Etherington, the chair of the Trust, was an equity partner with Bates Wells Braithwaite London LLP (Bates Wells), which provides legal services to the Trust. The Trust had a policy in place to avoid any potential conflicts of interest arising by ensuring that any decision to enter into a new business relationship with Bates Wells Braithwaite LLP was approved by a Director other than the Chair and payment of any fees charged by Bates Wells would be approved by Directors other than the Chair. Professional fees of £46k (2021: £1k) were charged by Bates Wells to the Trust during the year for legal advice. The wife of Sir Stuart Etherington resigned from her position at Bates Wells on 31 March 2022.

The Impact Management Project (IMP), of which Clara Barby was Chief Executive, received £10k in 2021 from Big Society Capital, which acts in an Advisory Capacity on the project's Advisory Board. At year end 2021 IMP's facilitation role concluded and Clara Barby stepped down, 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 that began in December 2020 terminated in December 2022, with £2k (2021: £2k) paid by the end of this financial year.

Directors' and senior management emoluments are disclosed in Note 6 – Directors' and key management personnel emoluments, and in the Directors' Report starting on page 16.

# The Oversight Trust- Assets for the Common Good

## Notes to the Financial Statements (continued)

### 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 Comprehensive Income

For the year ended 31 December 2022

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Income from grants	417	335
<b>Total Revenue</b>	<b>417</b>	<b>335</b>
Administrative and other expenses	(417)	(335)
<b>Operating profit</b>	<b>-</b>	<b>-</b>
Tax credit on gain on ordinary activities	-	-
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>

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

# The Oversight Trust- Assets for the Common Good

## Company Statement of Financial Position

For the year ended 31 December 2022

	Notes	2022 £'000	2021 £'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		317	709
<b>Creditors: amounts falling due within one year</b>	3	(317)	(709)
		<u>                    </u>	<u>                    </u>
<b>Net assets</b>		<b>426,345</b>	<b>426,345</b>
<b>Capital and reserves</b>			
Profit and loss account	4	426,345	426,345
<b>Reserves</b>		<u>426,345</u>	<u>426,345</u>

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

Approved by the Board on 28 July 2023 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 2022

	Profit and loss account £'000	Total £'000
<b>At 1 January 2021</b>	426,345	426,345
Profit for the financial year	-	-
<b>At 31 December 2021</b>	<u>426,345</u>	<u>426,345</u>
<b>At 1 January 2022</b>	426,345	426,345
Profit for the financial year	-	-
<b>At 31 December 2022</b>	<u>426,345</u>	<u>426,345</u>

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

# The Oversight Trust- Assets for the Common Good

## Notes to the Company Financial Statements

For the year ended 31 December 2022

### 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 Company 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 2022 and 31 December 2022</b>	<b>£'000</b>
	<u>426,345</u>

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

Company	Class of shares held	Principal place of business	%	Capital and reserves £'000	Profit for the financial year £'000
Access - The Foundation for Social Investment	N/A	New Fetter Place, 8-10 New Fetter Lane, London, EC4A 1AZ	100	35,654	(8,875)
Big Society Capital Limited	Ordinary A shares	New Fetter Place, 8-10 New Fetter Lane, London, EC4A 1AZ	68	624,800	4,197
Fair4All Finance Limited	N/A	2 <sup>nd</sup> Floor, 28 Commercial Street, London, E1 6LS	100	23,000	-
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 Company Financial Statements (continued)

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

	2022	2021
	£'000	£'000
Accruals	67	42
Deferred income	250	667
	<u>317</u>	<u>709</u>

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

	2022	2021
	£'000	£'000
At 1 January 2022	426,345	426,345
Profit for the financial year	-	-
<b>At 31 December 2022</b>	<u><b>426,345</b></u>	<u><b>426,345</b></u>

### 5 Related party transactions

During the year, Big Society Capital Limited incurred £10k of costs (2021: £23k) on behalf of The Trust for which it was reimbursed. No amount was outstanding at the current or comparative reporting date.

The wife of Sir Stuart Etherington, the chair of the Trust, was an equity partner with Bates Wells Braithwaite London LLP (Bates Wells), which provides legal services to the Trust. The Trust had a policy in place to avoid any potential conflicts of interest arising by ensuring that any decision to enter into a new business relationship with Bates Wells Braithwaite LLP was approved by a Director other than the Chair and payment of any fees charged by Bates Wells would be approved by Directors other than the Chair. Professional fees of £46k (2021: £1k) were charged by Bates Wells to the Trust during the year for legal advice. The wife of Sir Stuart Etherington resigned from her position at Bates Wells on 31 March 2022.

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### 6 Presentation currency

The financial statements are presented in Sterling.

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

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

# The Oversight Trust- Assets for the Common Good

## Notes to the Company Financial Statements (continued)

### 8 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