

nesta

# Annual report and accounts

For the year ended 31 March 2024



## About Nesta

We are Nesta. The UK's innovation agency for social good. We confront challenges that affect millions of people, from inequality and ill-health to the climate crisis.

We believe that innovation offers more potential now than ever before. We see opportunities to mobilise citizens and influence behaviour. Private and public capital that can be used more creatively. A wealth of data to mine.

And so we draw on these rich resources by bringing together diverse teams. Data scientists, designers and behavioural scientists. Practitioners, academics, entrepreneurs and people with lived experience.

Together, we design, test and scale new solutions to society's biggest problems. We partner with frontline organisations, build new businesses and work to change whole systems. Harnessing the rigour of science and the creativity of design, we work relentlessly to put new ideas to the test.

We'll keep going until we change millions of lives, for the better.

Find out more at: [www.nesta.org.uk](http://www.nesta.org.uk)

# Annual report and accounts

For the year ended 31 March 2023

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# 1. Foreword: Ed Richards and Ravi Gurumurthy

**It's now 25 years since the National Endowment for Science, Technology and the Arts came into being. The idea was to use £250 million of National Lottery funding to create the UK's first ever national endowment, capitalising on the UK's globally recognised talent for invention by creating an organisation that would support, encourage and inspire innovation.**

**For the first two decades, Nesta – as the new organisation quickly became known – focused on investing in talented innovators and enhancing the UK's capacity and ability to innovate.** Pioneering work on education led to the creation of FutureLab, a global leader in developing digital curriculum materials, that today (as part of the National Foundation for Educational Research) supports schools to experiment and innovate. Later, Nesta helped build the field of social innovation by outlining methods and providing practical support on how to innovate, developing institutions like Future Gov and the What Works Centres, many of which continue to play critical roles in innovation today.

**Today, Nesta's aim is to design, test and scale new solutions to society's biggest problems. For the last 3 years, we've been a mission-driven organisation, focused on tackling three of the UK's biggest challenges: climate change, child inequality and obesity.**

We see our role as threefold. First, we work as an innovation partner, designing and testing solutions with retailers, energy companies and other organisations on the frontline. Second, we act as a venture builder, building and investing in innovative start-ups. Third, we operate as a system shaper, influencing the policies and institutions that shape innovation in our missions which are likely to maximise impact.

As an innovation partner, we work with a wide range of people and organisations. We are working with Asda to develop a health strategy and identify interventions that can improve health. We worked with the Centre for Net Zero on an innovative trial to measure whether remotely controlling heat pump energy use could save energy without negative consequences for consumers. We're exploring how generative AI can support children's reading, working with the story creation app Tandem. Our Fairer Start Local programme with York, Stockport and Leeds Councils saw us developing new products that integrated data to better target support. We've also launched many other programmes, from our Greener Homes Content Catalyst working with major broadcasters to our collaboration with Art Fund on family support through museums.

As a venture builder, we've built seven ventures since orienting ourselves around missions three years ago. These include Carno, a digital platform that makes it easier for consumers to transition their homes to clean heat and Ogma, a speech and language therapy assistant that uses AI to reach many more children at a lower cost. Through Nesta Impact Investments, we've invested £9 million in early-stage companies like Aira, a heat pump installation service.

Our system shaper role came to the fore over the past year. With the UK general election poised to mark a pivotal moment in British politics, we worked with more than 300 experts to highlight the big policy choices facing an incoming Government. We helped shape the direction of Great British Energy, and published 'Delivering Clean Heat' – the most comprehensive roadmap to date for the decarbonisation of the UK's housing stock. We also analysed over a million food purchases to develop a unique and usable way of scoring Britain's biggest grocery retailers' sales for healthiness – data work that enabled us to craft a policy recommendation for mandatory health targets for major retailers, which if implemented could reduce obesity in the UK by 23%.

**Our three roles are most powerful when they work together, harnessing synergies and creating impact.** So our policy work on mandatory health targets is informed by our experiences of working in partnership with Asda. Our investment in Carno to reduce the cost of getting a heat pump works in parallel with our work with the Centre for Net Zero to shift energy consumption away from peak times, and both informed the 'Delivering Clean Heat' policy plan.

**Our mission-driven work is made stronger by working with two entities owned by Nesta: our global consultancy, BIT (which combines behavioural science expertise with robust evaluation and data), and Challenge Works (which designs and delivers challenge prizes that incentivise cutting-edge innovation). Together, we form the Nesta Group – a powerhouse of applied research and innovation that operates globally to design, test and scale solutions to social challenges.**

This year, BIT has worked on a dizzying variety of projects around the world, from minimising light pollution in France and improving hygiene behaviours in refugee settlements in Myanmar to promoting civil behaviour in video gaming. Alongside this eclectic range of investigations into human behaviour, BIT has also been focused on systems-level projects: continuing its partnership

with Meta to develop deliberative forums for users to engage on the most important issues facing online communities, running the UK trial of Grassroots, an American anti-bullying programme built on peer influence, and partnering with Nigerian anti-corruption organisations to strengthen their capacity to apply behavioural science to their work.

Challenge Works designs and delivers challenge prizes that incentivise cutting-edge innovation to solve the world's most complex problems. Since its inception, it has distributed £210 million in prizes. Highlights from this year include the Longitude Prize on Dementia – a £3.42 million prize for breakthrough technology that learns from a person living with dementia to enable longer periods of independent living – and the Manchester Prize, which challenges innovators to use AI to tackle UK energy, environment and infrastructure issues.

Proud as we are of our past, as an innovation agency we are, by our very nature, more focused on the future and the possibilities that lie ahead. In the year to come, in each of our missions, we'll continue to combine practical action through our experiments, prizes and venture building, with our work to shape policies and institutions. Through BIT, we'll be harnessing behavioural science to do everything from tackling urban child obesity to overcoming barriers to malaria prevention, as well as collaborating with Bloomberg Philanthropies on the City Ideas Exchange.

But, throughout all this variety, we'll remain focused on the vision that drives us forward: improving the lives of millions of people by 2030.



**Ed Richards**  
Chair of Trustees



**Ravi Gurumurthy**  
Nesta Chief Executive

## 2. Strategic overview

### **Nesta designs, test and scales solutions to society's biggest challenges.**

We are now three years into our 10-year mission-driven strategy, which focuses all of our activity on addressing three major societal challenges: a fairer start, a healthier life and a sustainable future. The way we deliver our three missions is through three main roles. We work as an innovation partner, working with a range of frontline organisations. We do this as a venture builder, investing in early-stage ventures and creating new ones, and as a system shaper, ensuring that the funding, policies and institutions within our mission areas are conducive to innovation. To ensure we use intelligence about the future and new technologies to change practice in the here and now, we also work through a Discovery Hub, which systematically scans for emerging trends, technologies and interventions, embedding strategic foresight at the heart of our organisation.

Alongside our UK-focused mission-driven work, we also have two global consultancies, BIT and Challenge Works, that support and shape the innovation ecosystem around the world. Their activity has important benefits for our missions – with opportunities to leverage their expertise and blend their methods with others in pursuit of impact – and help keep Nesta at the forefront of innovation globally.

## A fairer start

**Our fairer start mission is to narrow the outcome gap between children growing up in disadvantage and the national average.**

To achieve our mission, we are focusing on:

- > **developing evidence and insights to strengthen the early-years system and alleviate the pressures parents face**
- > **prototyping products and services to better support disadvantaged families and local service providers.**

### Developing evidence and insights

This year, as part of our evidence and insights work, we delivered a project focused on local government. Mapping policy and practice gathered and shared insights to inform the development and implementation of local services designed to improve child development outcomes.

In response to the national challenges around childcare provision, we published research which found that the proportion of all early-years workforce with graduate status is just 8.6% (or 21,536), despite evidence suggesting that direct contact with graduate staff has a positive impact on children's outcomes. We also analysed how many more early-years staff would be needed to meet the increased demand following the announced expansion of the Government's subsidised childcare scheme, highlighting a gap of 27,500 early-years professionals needed to meet this demand. This would represent an 8% expansion in the size of the current early-years workforce.

We continued to explore how more generous welfare benefits could improve children's early learning and development, including researching the impact of cash transfers. We also partnered with the Institute for Fiscal Studies to fund an evaluation of how the two-child limit policy is impacting on children's educational outcomes. The Nesta team carried out qualitative research exploring parents' perspectives on how the two-child limit policy is affecting their children's early learning and development.

With the Behavioural Insights Team (BIT), we also undertook a research project to better understand what has driven or impeded the scale-up of parenting interventions in the UK in recent years.

## Prototyping products and services

Our partnership with [Art Fund](#) moved from proof-of-concept to a research and development phase. Working with museums and galleries and their local community partners, this programme brings together insights from early-years parenting interventions and the creative learning expertise of the UK's museum sector to develop and evaluate new and engaging facilitated interventions which support early-years development goals. We investigated the potential for generative AI to be harnessed for social good and developed prototypes for its use in early-years education. We identified multiple potential use cases for generative AI in early-years. Our findings were published in the journal *Infant and Child Development*.

Nesta's Mission Studio also supported the startup [Ogma](#) to reach families at scale, aiming to make speech and language therapy accessible for millions of families and children who need it through the power of AI.

## Collaborating with local government

Our Fairer Start Local Partnerships with [Leeds City Council](#), [City of York Council](#) and [Greater Manchester Combined Authority](#) with [Stockport Metropolitan Borough Council](#) completed their second year. Projects ranged from developing a data tool to support decision-making for early-years teams, to creating playful learning spaces in communities.

We also partnered with [Birmingham City Council](#) to improve its understanding of the diverse needs of families with children aged under five and increase families' engagement with early-years services. This work involved combining locally held data and developing a design brief for an early-years data tool to be implemented in Birmingham City Council's data systems.

### What's next

Our fairer start mission continues to evolve in response to a changing policy environment and to reflect the learnings from our projects. This work has set the foundations we will continue to build on, exploring new ways to support parents, provide a financial bedrock for families and improve the quality of early childhood education and care.

## A healthy life

**Our healthy life mission goal is that by 2030, the UK will have halved the prevalence of obesity from the rate in 2020.**

We will achieve this by focusing on the food environment, following evidence that systemic or structural approaches are more effective and equitable than focusing on individual responsibility or education.

To achieve our mission, we are focusing on:

- > **reducing the amount of calories in food and drink**
- > **reducing unhealthy food and drink promotion**
- > **improving access to healthy food and drink**
- > **improving evidence on diets**
- > **shaping attitudes of decision-makers.**

Our best chance of achieving the 2030 goal is through policy changes that alter the incentives of the food system.

This year, we focused on demonstrating how well-designed policy could make a big impact on rates of obesity across the population, while allowing businesses the flexibility to choose how they meet the policy goals. To complement our policy work we have established partnerships with industry partners, to test and demonstrate our ideas in practice, as well as continuing to fill critical evidence gaps.

### Reducing the amount of calories in food and drink

Our recommendation for mandatory health targets for large grocery retailers, published in February 2023, found that setting health targets across the 11 largest players could reduce obesity prevalence by approximately 23% over three years. The proposal ran exclusively in *The Times* news and opinion pages. We have subsequently presented the proposal to senior Whitehall policymakers and leading health policy experts.

### Reducing unhealthy food and drink promotion

We began working with Asda on a health innovation partnership to research, design, test and scale interventions that show positive impacts on customer health and alignment with business value. This project aims to help remove barriers to health and wellbeing for Asda customers by making healthier eating more available, affordable, accessible and attractive.

We also announced the start of a project with Starbucks to explore new solutions to drive healthier eating habits among Starbucks customers. In the process, we also hope to further our technical understanding of how the out-of-home food sector operates.

### Improving evidence on diets

We joined the Salient consortium of academic and innovation partners, to run a series of health and food sustainability trials across the food system in England. The research programme has been awarded funding through a competitive funding process led by UK Research and Innovation (UKRI).

Using a novel methodology, our Discovery Hub identified a wide range of innovative policies to tackle obesity from around the world. We were interested in whether and how innovative policies could be translated into the UK system to help tackle obesity, and what challenges would need to be overcome. We also considered what makes a policy innovative (whether this is a novelty on the international landscape or in a UK context) and what the original context of a policy means for its success. The resulting report was shared extensively by key sector stakeholders and officials working on food policy in the UK.

### Shaping attitudes of decision-makers

Through policy, we aim to show what's possible and encourage a level of ambition proportionate to the scale of the challenge. We then work directly with industry partners to pilot and trial examples of the changes we'd like to see and demonstrate that they can be done.

We continued to shape the public discourse on obesity through rigorous data analysis. In Scotland, Frontier Economics estimated the annual cost of obesity at £5.3 billion, or 3% of GDP. In Wales, our updated analysis raised adult obesity estimates from 25% to 32%. These areas are further explored in the activities in Scotland and Wales sections of this report.

### ➤ What's next

To improve understanding of the relative impact on rates of obesity potentially achieved through a range of different policies, we will soon launch [our Blueprint for halving obesity](#). We will also publish a report on the barriers to political action on obesity. We have interviewed senior political figures from previous Governments and their insights will offer practical guidance for current and future politicians with leading roles on enabling healthier lives.

By the end of 2024/25, we aim to publish a policy proposal to cover the out-of-home food sector, complementing our proposal for mandatory health targets for large retailers.

We will continue to work with major retailers, local authorities and food businesses on projects which design, implement and evaluate trials across a range of interventions we hope will lead to healthier sales.

## A sustainable future

**Our sustainable future mission's goal is to reduce household carbon emissions by 30% from 2019 levels by 2030.**

**To achieve our mission, we are focusing on:**

- > making heat pumps more affordable
- > increasing the appeal of heat pumps
- > increasing skills and capacity in the heat pump supply sector
- > enabling and incentivising householders to use electricity flexibly.

After wrapping up and evaluating our heating efficiency campaign Money Saving Boiler Challenge at the end of 2022/23 we went on to pick up three national awards. Our consumer-facing campaign helped around 3.1 million households turn down their boiler, saving around 500,000 tonnes in CO<sub>2</sub>, nearly £300 million for households and £157 million for HM Treasury. The campaign won Campaign of the Year at the Energy Awards and took home the PRCA's Consumer Award – In-House. Ovo and Nesta also won the PRCA's In-House Award for Digital and Social Media, for social media influencing.

This year saw us dive into the world of coordinated switching with a project that aims to build a policy blueprint for enabling many households – across a street, neighbourhood or wider area – to switch to low-carbon heating together. We worked with stakeholders to gather insight from across the industry – and this will continue to be a key focus for us to develop this blueprint thinking in 2024/25.

Nesta also developed the Strategy Room as a citizens' assembly-like immersive experience. Designed by Nesta's Centre for Collective Intelligence Design, the organisation Fast Familiar and UCL's Climate Action Unit, the project uses videos with actors to help

participants imagine scenarios in which their local council has brought in carbon-reducing policies. The participants are then encouraged to discuss the positive and negative effects of these policies on heating, travel and food – we found that discussions made people more positive about net zero policies than respondents in online polls.

### Making heat pumps more affordable

The past year saw us ramping up engagement with policy as the election grew closer. We laid out the framework for a policy plan for decarbonising home heating and did detailed work to explore various policy changes that could increase the uptake of low-carbon heating. For example, we worked across the sector with stakeholders to produce a report on how a Government scheme for incentivising low-carbon heating could be improved. This resulted in productive conversations with the Government and strong support from the Climate Change Committee. We worked closely with civil servants to define a consultation on changing permitted development rules to remove some of the barriers to heat pump installation. We helped shape policy development in the devolved nations, including the Welsh Government's heat strategy.

### Increasing the appeal of heat pumps

To increase the appeal of heat pumps, we launched a consumer-facing website to help cut through the noise and give clear and consistent advice on low-carbon heating. This beta tool, which gives users information and tools to help them decide if a heat pump can work for them, has had around 40,000 page views and we've collated more than 450 pieces of feedback. We began working with the MCS Foundation to look at the potential development of this service in 2024/25.

Our heat pump user survey – the largest of its kind in the UK – helped us to understand how people feel about the tech and to challenge misconceptions. The survey revealed that among people who have had a heat pump installed while living in their current home, 81% are as satisfied or more satisfied with heat pumps compared to their previous heating system. This large-scale survey of 2,500 heat pump owners has been cited widely by others and the media.

### Enabling and incentivising householders to use electricity flexibly

Heat flexibility and reducing demand on the grid at peak times will enable us to reduce our reliance on gas and make the most of the more intermittent renewable energy sources. We worked with the Centre for Net Zero to trial automating heat pumps to shift energy use away from peak times. The results of the pilot were promising and we will continue with a larger trial in 2024/25.

### Increase skills and capacity in the heat pump supply sector

We launched a survey with engineers to understand more about the experience of existing heat pump installers. It's important to understand what's going well, the challenges installers face and the areas where innovation can help drive progress. We worked in collaboration with industry experts Emma Bohan and Nathan Gambling, receiving 345 complete responses. We will publish the findings in 2024/25.

#### ➤ What's next

The next year promises to be significant for the sustainable future mission. We will publish a flagship policy paper on heat decarbonisation, aimed at the new Government. We will also explore significant opportunities in our area of focus, from increasing the appeal of heat pumps to using energy flexibly and the emerging focus on collective switching. We will continue to build relationships and scalable projects that will accelerate the decarbonisation of home heating.

## Activities in Scotland

**As our missions cover policy areas where powers are devolved to the Scottish Parliament, our Nesta Scotland team, based in Edinburgh, has opportunities to design, test and scale ideas and projects in a policy context that is very different to those of London and Cardiff.**

### A healthy life

This year in Scotland saw the continued development of our healthy life mission, conducting novel research across Scotland's food environments and their contribution to obesity. Our in-depth analysis of the economic and social costs of obesity in Scotland calculated an annual cost of obesity to Scotland in excess of £5 billion per year but found that a population calorie reduction of just 230 kcal per day for adults living with some level of excess weight would be enough to halve obesity prevalence. This research secured strong media coverage across BBC Scotland broadcasts and print media, including the front page splash of Scotland's most popular newspaper, further positioning Nesta as a credible voice on obesity in Scotland. The team's qualitative research with businesses in the out-of-home sector found customer demand, cost pressures, skills, knowledge and legal obligations all affect the industry's view of healthier food options.

The healthy life team also worked with the Behavioural Insights Team, the Scottish Government and researchers at the University of Oxford to understand how the way price is communicated in offers affects the number of calories purchased in a simulated online supermarket.

### A fairer start

Our fairer start team worked with Save the Children Scotland to convene a group of third-sector leaders, academics and senior public servants to discuss the role of family income in improving early child development. We continue to drive meaningful change in Scotland by convening and collaborating with coalitions focused on early childhood and poverty. By sharing insights and fostering partnerships, we aim to influence policy and practice that better supports the earliest years of a child's life, while addressing the challenges faced by families living in poverty.

## A sustainable future

In the sustainable future mission, the team has been focusing on stakeholder engagement and policy influencing, working closely with housing, finance and climate sector partners to provide a comprehensive response to the Scottish Government's Heat in Buildings Bill consultation. We have also developed a project in partnership with the Scottish and Northern Ireland Plumbing Employers' Federation which will see plumbing and heating professionals do their first heat pump installation in their own home, to find out whether that successfully kickstarts their business transition from gas boilers to heat pumps.

## ➤ What's next

The Scotland team has recruited a full-time policy advisor to support our influencing work across the missions as we look to shape policy in the run-up to the Scottish Parliament elections in 2026. Our healthy life team is recruiting a resident to help understand levers in the planning system which could support healthier food environments. Our sustainable future team is developing a comprehensive policy plan for delivering clean heat focused on what the Scottish Government needs to do alongside the UK Government to make clean heating a reality in Scotland. In our fairer start team, we are working with stakeholders and analysing available data to better understand the current system of early-years support in Scotland to help us develop effective early-years programmes to support Scotland's parents and young children.

## Activities in Wales

**With our mission aims linked to many areas where policies are devolved in Wales, we can test and scale ideas in a setting where devolution allows us to go further and faster.**

The Nesta Cymru team, based in Cardiff, has continued to work within the context and policy environment that creates a unique opportunity to deliver impact.

### A healthy life

As part of our healthy life mission we have identified data gaps in health that, if filled, could help us better understand and tackle obesity. Our work enabled us to engage with MSs to raise awareness of the issue, resulting in an invitation from Welsh Government to present the findings.

We continued to test ways to increase school meal uptake – the healthier option over packed lunches – by piloting school meal opt-out months in six primary schools in Wales. Working on the ground with parents, children, schools and caterers has helped develop our understanding of barriers to take up and how we could potentially address them.

### A fairer start

Our fairer start work saw us dive into the world of early-years services to understand how parents experience these services and where we could innovate. This project built our networks and reputation among frontline services and local authorities and puts us in a good place to build on this work.

### A sustainable future

In our sustainable future work we published the results of our partnership with Development Bank of Wales where we ran a randomised control trial involving 8,000 homeowners across the UK to understand the kinds of financial support needed to help encourage and support people to make green home improvements. Positive and actionable results were identified, including that 55% of people would make green home upgrades in the next three years if they had some financial support.

### ➤ What's next

Our focus is on building on current work in Wales and creating new projects, to enable us to present well-researched, non-partisan, innovative policy solutions for consideration in party manifestos for 2026 Senedd elections.

Over the coming year, we will be sharing the results from our school meal opt-out month and are excited to explore opportunities to put into practice the insights gained from our collaboration with the Development Bank of Wales.

## BIT

**BIT achieved notable successes in 2023/24, creating better systems, policies, products and services through an evidence-based understanding of behaviour and smarter use of data.**

We expanded and deepened our global reach, backed up by our offices in seven locations and work programmes in 80 countries.

### Global reach and expansion

#### Asia-Pacific

In Australia, we launched System 2, a new applied research not-for-profit organisation, with an initial mission focused on helping young Australians in disadvantage to thrive. The name pays homage to the seminal work of the late Professor Daniel Kahneman, who popularised the idea of System 2 as the deliberate, reflective part of the brain. System 2 will build on BIT's work across education and skills, employment, justice, health and wellbeing. It will focus on tackling complex social problems through deep, reflective work that seeks to change behaviours at an individual, environmental and systemic level.

#### The Americas

In the US, our ongoing partnership with Meta saw us give thousands of people worldwide a voice in how AI is created. Supported by Meta and working with Stanford University's Deliberative Democracy Lab we designed and delivered our third Community Forum together – this time focused on the principles guiding the responsible development of AI chatbots. Our rigorous qualitative analysis revealed critical insights that would not have been apparent in the quantitative data alone, and we translated insights into actionable recommendations that embodied the values and perspectives of the public.

We're delighted that the appetite for behavioural science and our expertise in Latin America continues to grow, and we have bolstered our reach there by hiring a managing director for the region

and officially incorporating our office in Colombia. We are building a strong track record in environmental protection in the region, including wildlife conservation, waste management and water conservation. In partnership with the Wildlife Conservation Society, we are applying behavioural insights to combat illegal wildlife trafficking in the Andean-Amazon region, developing evidence-based interventions tailored to local challenges. Our collaboration spans Brazil, Peru, Bolivia, Colombia and Ecuador, where we work to safeguard biodiversity by shifting behaviours that threaten vulnerable species.

#### Europe, the Middle East and Africa

From our UK base, we have continued to push the potential of applied behavioural science. Our work in climate and net zero has expanded to consider not just the development of behaviour-change solutions, but also the public acceptability of critical green policies which have a fragile mandate. This has included major thought leadership with Smart Energy GB on the role of national communications and work with the European Climate Foundation on designing net zero policy in ways which maximise public support and win the culture war.

We have begun a global partnership with Delivery Associates supporting Novo Nordisk in developing and evaluating a global childhood obesity prevention programme. This will be a truly global collaboration for BIT with more than 25 staff from all of our seven office locations working on setting up and evaluating childhood obesity prevention programmes in Japan, Spain, France, South Africa, Brazil and Canada.

Partnering with the Youth Endowment Fund, Youth Futures Foundation, the Department for Culture, Media and Sport and UK Youth, we delivered and are evaluating a Summer Jobs programme providing paid work for 430 young people at risk of violence. Ninety employers, ranging from small local enterprises to high street stores such as Timpson and Burger King, took on young people. We're in the process of evaluating this pilot in advance of year two which will run next summer.

We partnered with the Centre for Ageing Better to develop solutions for age bias in recruitment. Convening a working group of 16 leading employers and recruiters (including Zurich, Cancer Research UK and the Met Office), we developed solutions through a prototyping process, resulting in a practical toolkit for employers with feasible solutions for hiring in practice.

Our expertise in AI and technology saw us consider whether people might trust AI tools to help them use public services, and provide research on online choice architecture and content controls in a rapidly moving landscape.

Our office in France delivered groundbreaking work looking at reducing vulnerability to online scams, and helping protect consumers from scams before they occur. In addition, BIT France won the renewed tender to support the French government's BI unit and will therefore continue to support all government departments over the next four years in applying behavioural insights and evaluation.

Our team based in the UAE represented BIT at COP28 in Dubai, delivering and supporting several presentations and panel discussions looking at how we support the adoption of green behaviours, reduce food waste and how behaviour can drive sustainability.

### **Innovative approaches and AI integration**

We've pioneered cutting-edge ways of working throughout, particularly around integrating new AI technologies into our operations and the services we provide

clients. We are proud of our in-house AI tool that quickly creates and iterates behavioural personas that can be used to design targeted interventions. We have been experimenting with ways of conducting qualitative research at scale, and researching how the public responds to AI, for example, in an experiment to test whether and how people would use AI chatbots in public services.

### **Contributions to behavioural science**

We continued to contribute to the wider field of applied behavioural science through research and testimony. BIT's president and founding director, Professor David Halpern OBE, was called to give oral evidence at the UK Government's Covid-19 Inquiry. The Inquiry was a serious exploration of lessons learned from how the UK responded to the Covid-19 pandemic but also presented BIT with a moment of reflection on our contribution to the British Government's Covid response in 2020 – a body of work of which we are extremely proud.

More recently we released an important working paper in the field of behavioural economics, highlighting the negative outcomes of opaque or 'shrouded' markets, both for consumers and market competition.

### **➤ What's next**

We look forward to building on our success in the months and years ahead, with a particular focus on positive social impact and financial resilience, led by our refreshed brand positioning and new global strategy. So far in 2024, we have already launched an international Childhood Obesity Prevention Initiative in six countries with Novo Nordisk; helped kick off the Bloomberg Cities Idea Evaluation Fund to spread proven solutions from one city to others around the world; and signed an agreement with the Bill and Melinda Gates Foundation for a major programme driving positive social change across India.

## Challenge Works – a Nesta Enterprise

For more than a decade, Challenge Works has established itself as a global leader in the design and delivery of high-impact challenge prizes that incentivise cutting-edge innovation for social good.

### Prizes launched this year

#### The Mombasa Plastics Prize

This prize targets young entrepreneurs in Kenya to tackle marine plastic waste. Between January 2023 and May 2024, 14 solutions were developed, nine businesses were formalised, 27.5 tonnes of plastic was diverted from the environment and KSh 21.38 million of financial support was distributed (including KSh 7.2 million) of prize money.

#### The Innovative Design, Execution and Acceleration Support (IDEAS) mechanism

Sitting within USAID's Exploratory Programs and Innovation Competitions (EPIC) team, this mechanism has been established to drive up to \$96 million of open innovation programmes across USAID over the next three to five years. Challenge Works is leading the design of these programmes. The first of these – known as the Bicycle Innovation Program – aims to improve livelihoods in rural areas within Malawi and Zambia through the use of bicycles.

#### Longitude Prize on Dementia

This £3.42 million prize is for breakthrough technology that learns from a person living with dementia to enable longer periods of independent living. Twenty-four international teams have now received a total of £1.9 million (£80,000 each) to support the development of their solutions.

#### Water Breakthrough Challenge

With £40 million in funding, this challenge tackles issues such as flood risks using nature-based solutions, PFAS and reducing carbon emissions.

#### Water Discovery Challenge

This £4 million challenge seeks bold and ingenious innovation that can help solve the biggest challenges facing the water sector.

#### Sustainable Cities Challenge

In collaboration with the Toyota Mobility Foundation and World Resources Institute, this \$9 million challenge aims to enable safe, inclusive and sustainable mobility solutions fit for the future. From 10 shortlisted cities, the \$9 million Sustainable Cities Challenge selected three to develop and launch city-based challenges to create sustainable, accessible and safe mobility for all. These are now open for entries – Detroit, transforming freight; Varanasi, innovating crowd flow; Venice, embracing sustainable mobility.

#### Manchester Prize

Initiated by the UK Department for Science, Innovation and Technology (DSIT), this prize challenges innovators to use AI to tackle UK energy, environment and infrastructure issues. From 240 nationwide entries, 10 teams have been selected to develop their solutions, each winning £100,000, with one team to be awarded the £1 million grand prize in March 2025.

# 3. Financial review

The Group is comprised of Nesta (the main operating charity through which all charitable activity is undertaken), The Nesta Trust (a charitable trust which holds all the investment assets invested to fund the charitable activities of Nesta in advancing the objects of the Trust), eight companies (including Behavioural Insights Limited ("BIT"), which is itself a group with seven subsidiaries), four limited liability partnerships and one entity registered in the United States.

A number of subsidiaries have been set up to manage Nesta's investing and fund management related activities. It enables Nesta to manage and invest funds on behalf of its investment partners in compliance with the Financial Conduct Authority's (FCA) requirements. This structure is made up of Nesta GP Limited, Nesta GP2 Limited, Nesta PRI Limited, Cultural Impact Development Loans Limited, Nesta Partners Limited, Nesta Challenges Limited, Nesta Investment Management LLP, NII2 Special Partner LLP, Nesta Arts Impact LLP, Nesta Arts and Culture Impact LLP, Arts and Culture Finance and Nesta US Inc. The Group also includes Nesta Enterprises Limited, incorporated as a trading subsidiary for non-primary purpose trading and Behavioural Insights Limited ("BIT"), having become a 100% owned subsidiary on 10 December 2021 (previously Nesta owned 30% and held as a joint venture). The results of the Group consolidate all subsidiary undertakings as well as the Trust and the joint venture in Mission Studio (FFN JV Limited).

Nesta Trust provided funding to Nesta of £29.6 million (2023: £27.1 million) during the year, of which £21.3 million (2023: £20 million) was applied to charitable operating activities and £8.3 million (2023: £7.1 million) committed in relation to the Impact Investment Fund and other programme-related investments.

Funding made available by Nesta Trust does not constitute a commitment until a drawdown is made. The assets of the Trust are held as an expendable endowment and the Trust is therefore able to fund charitable activity beyond the returns it generates during the year.

The categories defined by the trustees for the purposes of organisational management are: a fairer start, a healthy life, a sustainable future, central programmes and devolved nations, committed programme delivery, enterprises, investments and practices.

Total Group income for the year was £52.4 million (2023: £46.1 million). Charitable income of £13.3 million (2023: £9.4 million) was recognised in addition to the £14.2 million (2023: £9.5 million) of investment income and £24.9 million (2023: £27.2 million) of other income. Charitable income is predominantly in the form of partnership funding where Nesta's expertise in programme design and project management is combined with the funding capacity of other typically larger organisations. Other income consists of rental income, trading income and fund management receipts.

Total Group expenditure was £65.7 million (2023: £60.9 million) of which £42.1 million (2023: £34.9 million) was spent on charitable activities, £23.2 million (2023: £25.1 million) on trading activities and £0.5 million (2023: £0.9 million) on managing endowment assets held by the Trust and impact investment funds held by Nesta. The increase in trading expenditure is in line with the increase in trading income, due to a full year of BIT results being included for this financial year. Grant expenditure commitments totalled £5.2 million (2023: £5.4 million) with recipients over £50,000 detailed in Note 7b.

Support costs of £18.3 million (2023: £14.1 million) relate to Communications and Corporate Services activities and are allocated to programme areas as shown in Note 7a.

Net gains on Investments for financial return increased to £20.0 million (2023: net loss of (£23.9 million)).

Total Group funds increased by £6.2 million (2023: decreased by (£39.3 million)) during the year. This resulted in Group funds of £477.9 million carried forward as at 31 March 2024 (31 March 2023: £471.7 million), of which £51.4 million (2023: £50.7 million) was unrestricted, £14.6 million (2023: £12.5 million) was restricted and £411.9 million (2023: £408.5 million) was in relation to the expendable endowment.

## Going concern

As Nesta is able to draw down cash from Nesta Trust as required within the approved funding envelope, the trustees have concluded that there is a reasonable expectation that the Group has adequate resources to continue activities for the foreseeable future and no material uncertainties have been identified in respect of going concern.

The trustees have reviewed the current cash position of the Group alongside forecasts for the coming financial year and beyond and have concluded that the Group has adequate resources to cover the forecast expenditure for at least 12 months from the approval of these financial statements. Further detail can be found in the accounts of each subsidiary

They have therefore adopted the going concern basis in preparing the financial statements.

## The Nesta Trust investment review

The assets of the Trust provide income and capital to be applied by Nesta as sole Trustee to further the objects of The Nesta Trust. The investment strategy balances the desire to maintain the real value of the endowment and its ability to generate the income which Nesta will require, while at the same time maximising total return to fund activities to advance the charitable objectives of The Nesta Trust. The strategy aims to balance risk, return and capital preservation.

The Nesta Trust entered into an agreement on 16 July 2015 to purchase a long leasehold interest in a property located in London for £51 million. Practical completion took place on 26 September 2016, and the lease on the investment property will run until November 2162. The

total amount shown below under investment properties is £57 million (2023: £66 million), which includes the investment property market valued at £45 million (2023: £53 million) and a £12 million property fund (2023: £13 million). 51.3% of the property represents investment property to the Group. The remaining 48.7% is used by the Group and included within leasehold property and improvements in Note 10.

During the year ended 31 March 2024, the value of The Nesta Trust's investments and cash increased by £2 million to £426 million (2023: £424 million) after annual transfers to Nesta to carry out the objectives of the Trust in line with the Trust Deed. A further breakdown of the £2 million increase can be seen in the table below:

Asset class	Market value of investment assets 31 March 2024 £'000	Proportion of total endowment assets 31 March 2024 %	Market value of investment assets 31 March 2023 £'000	Proportion of total endowment assets 31 March 2023 %
<b>Current assets:</b>				
Cash	5,389	1	7,700	2
<b>Fixed asset investments</b>				
<b>Equities and private equity:</b>				
Global equities (quoted)	123,775	29	135,216	32
UK small cap (quoted)	33,732	8	32,351	8
Emerging markets (quoted)	26,496	6	26,592	6
Infrastructure equity (unquoted)	21,681	5	19,684	5
Private equity funds (unquoted)	2,710	1	3,860	1
<b>Fixed income and property:</b>				
Multi-asset credit (unquoted)	65,954	15	62,733	15
Asset-backed securities (unquoted)	44,767	11	43,047	10
Private debt (corporate) (unquoted)	10,167	2	2,872	1
Private debt (infrastructure) (unquoted)	17,528	4	8,639	2
Property	56,969	14	66,100	15
Fixed income (quoted)	23	-	23	-
Bonds (quoted)	23	-	39,244	8
<b>Mixed motive investments (unquoted)</b>	<b>17,169</b>	<b>4</b>	<b>15,087</b>	<b>3</b>
<b>Total cash plus fixed asset investments</b>	<b>426,360</b>	<b>100</b>	<b>423,904</b>	<b>100</b>

Actions taken during the year included the following:

### Fixed asset investment performance

The allocation to Equities and Private Equity decreased to 49% (2023: 52%) with a corresponding increase to Fixed Income and Property to 46% (2023: 43%). This slight adjustment is in line with the continued execution of the current investment strategy that was driven by a new investment strategic goal to invest more in asset classes that produce predictable cashflows. The long-term objective is to have an allocation of 51% towards Equities and Private Equity, a 48% allocation towards Fixed Income and Property, with the remaining 1% being held in Cash to fund day to day activities. It is not expected that the long-term objective will be met until all investment managers have fully drawn down committed funds which is likely to take a number of years.

### Investment fund commitments

During the year, no new commitments (2023: £76 million) were made to investment managers. Undrawn commitments of £29 million remain outstanding for investment funds as disclosed in Note 19 to these Financial Statements (2023: £48 million).

### Maximising value from our self-managed early-stage venture portfolio

The early-stage venture portfolio includes equity investments that have a market value in six (2023: seven) early-stage companies, and one (2023: two) early-stage investment fund. The Trust's investment strategy is to maximise the returns from the current portfolio but not to invest in any new early-stage companies or funds in the near future due to these investments being slow to generate income and being typically higher risk than other asset classes.

## Costs of managing the assets

Direct costs, reported by external fund managers, of the Trust's investment assets totalled £0.41 million (2023: £0.78 million) across the Trust and include external fund manager fees and custodian fees. In addition, there are other indirect costs associated with fund management activities. Where fund manager fees are offset against the relevant fund's value, these are grossed up and shown as fund manager fee expenditure in the Statement of Financial Activities in accordance with normal practice along with those fund manager fees that are invoiced and paid for in cash. The full cost of investment goes beyond the fees we are charged by managers and include, for example, transaction costs, advisory costs and staff costs. We estimate that the full costs were about £3.5 million (0.8%) of the average asset value over the year (2023: £2 million - 0.5%). The year on year increase is expected and results from the shift to the new investment strategy. The increase in cost is expected to be offset by achieving a greater total return.

## Investment policy

The Nesta Trust was established by a Trust Deed dated 22 September 2011.

As the sole Trustee of the Trust, Nesta is responsible for the Trust's investment policy. The investment strategy is delegated to the Trust Investment Committee which is responsible for strategic and tactical asset allocation, rebalancing, styles and weighting within asset classes, as well as monitoring manager, consultancy and custodial arrangements.

The Trustee holds the investment assets of the Trust without distinction between capital and income, applying them in furtherance of the Trust's objects. These investment assets are held as an expendable endowment.

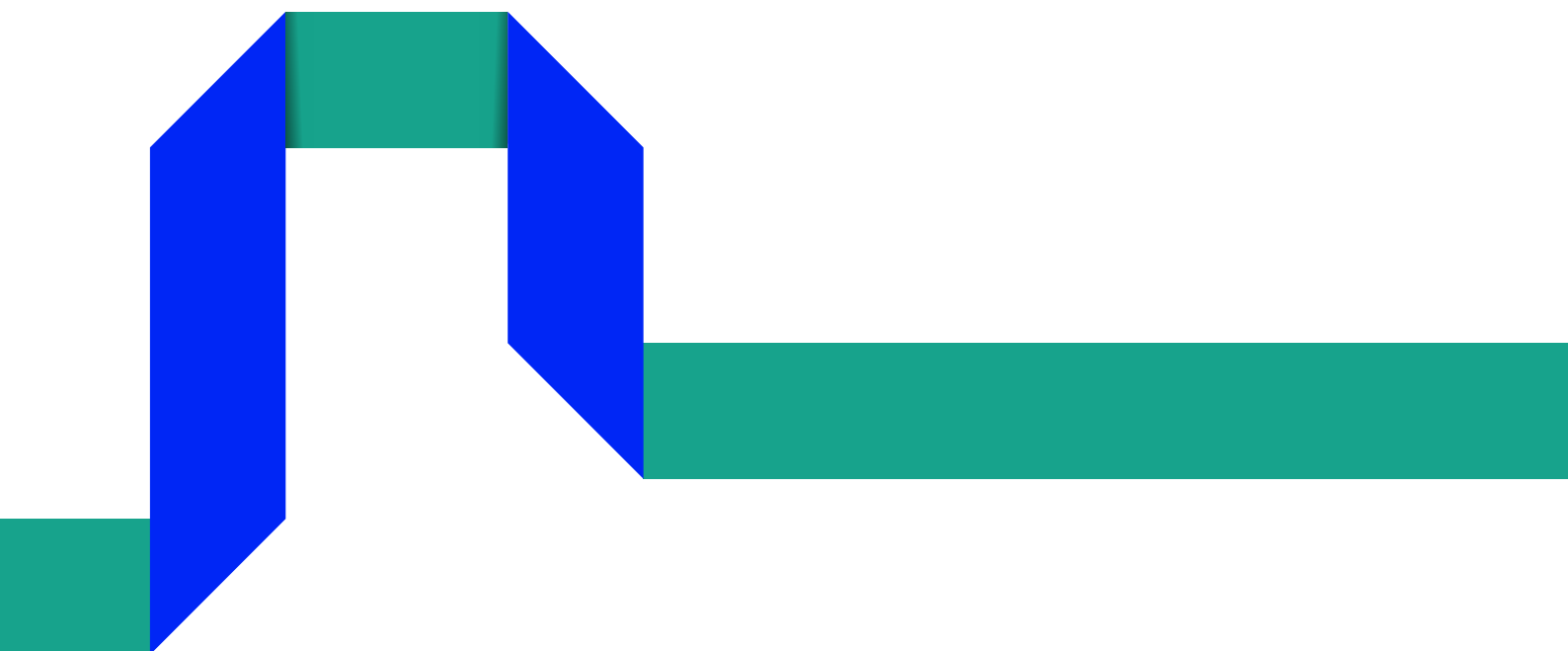
Trust assets are invested in accordance with the wide investment powers set out in the Trust Deed, which places specific conditions on the Trustee's power to invest:

"The Trustee must set the investment and spending policy for the Trust with a view to preventing the value of the Trust assets and any returns generated by the Trust assets falling below £260 million."

The Trustee's investment objective is to balance the current and future needs of the Trust by:

- > producing a consistent and sustainable level of income to support the work of Nesta in advancing the charitable objects of the Trust
- > ensuring sufficient liquidity to avoid the forced sale of Trust assets at distressed prices, while ensuring that the majority of the assets are invested in higher returning investment instruments
- > maintaining if possible the value of investments in real terms
- > delivering these objectives within acceptable levels of risk.

To meet these objectives the Trustee invests globally and maintains diversification across a range of asset classes to produce an appropriate balance between risk and return, believing that diversification limits the impact of any single risk.



## Responsible investing

Nesta believes that responsible investment can enhance long-term portfolio performance. The process of incorporating a more responsible approach to investment involves:

- > some limited exclusion of stocks where Nesta objects on moral grounds to the activity of the company in question
- > an explicit programme to monitor fund managers' incorporation of environmental, social and governance (ESG) factors and their practice of active ownership
- > adoption of the Hermes Equity Ownership Service for our index investments.

These policies have informed the Trustee's actions, oversight and asset allocation decisions and have informed the Trust's policy on Responsible Investment and Corporate Governance, as set out in its Statement of Investment Principles. This policy remains under constant review with the last version being approved by the Board in July 2023. As far as the Trustee is aware, the only potential area where the Trust does not fully accord with its policy is in relation to historical private equity holdings which are being run down over time and have a value of £3 million (2023: £4 million).

### Programme-related investments and grantmaking policy

Nesta achieves its charitable objects, and the objects of The Nesta Trust, in several ways, which include providing investment, grant making, providing non-financial support and carrying out research. It also provides support in a range of different ways, depending on the nature and objectives of each programme.

In line with Charity Commission guidelines, programme-related investments are made primarily to further the objects of the charity for public benefit and are managed in line with programme objectives. Consequently, they are, as permitted by Accounting and Reporting by Charities: Statement of Recommended Practice (FRS 102) applicable in the UK and Republic of Ireland, issued by the Charity Commission and included in the balance sheet at cost less any provision for impairment where there is no evidence for fair value.

There is no set allocation of the annual budget for overall grant expenditure. Rather, Nesta sets programme deliverables and determines the appropriate method of delivery within that programme's budget. Nesta sets out specific entitlement criteria for each programme at

its launch where grants are appropriate as a funding mechanism. These criteria vary from programme to programme and are made available on Nesta's website. Applications are assessed against these criteria and awards are made taking into account the availability of funds, Nesta's ability to deliver the objectives of the programme and the quality of applications. The period for which grants are awarded depends on the programme but typically lasts between one and three years. Grants are monitored regularly and appropriate progress reports are required from recipients. A list of grants over £50,000 can be found on pages 54 and 55, and a comprehensive list of all grants made during the year can be found on the Nesta website.

### Free reserves policy

In accordance with the Trust Deed of The Nesta Trust, Nesta's reserves policy is to provide sustainable funding to advance the charitable aims of The Nesta Trust while holding reserves at sufficient levels to maintain the underlying assets above a market value of £260 million.

On 31 March 2024 the reserves of the Group stood at £479.6 million (2023: £471.7 million). Nesta Trust provided funding to fulfil its charitable objects, through activities carried out by Nesta, totalling £21.3 million (2023: £20.0 million).

Nesta, as the parent charity, has no requirement to maintain its own reserves, provided that expenditure remains within the approved amount of drawdown from the Trust. The policy for drawdown was established in line with the Trust Deed and subject to the powers of the Protector of the Trust, and allows drawdowns at any time during the year as long as the approved drawdown total is not exceeded.

Cash received that is restricted in use of specific programme expenditure is held on Nesta's own balance sheet.

This Reserves Policy will only be reviewed when there is a change in the funding relationship between the Trust and Nesta; such a change is currently not foreseeable.

## Principal risks and uncertainties

The Executive Team and Risk Evaluation Group are responsible for the management of risks within the Nesta Group and the trustees are responsible for the setting of the Group's risk appetite. The monitoring and implementation of the risk management framework is delegated to the Group Senior Internal Audit and Risk Manager, with oversight from the Audit and Risk Committee. The risk register is reviewed at each Audit and Risk Committee meeting, quarterly by the Executive Team and annually by the Board. The Risk Evaluation Group meets quarterly to review and update the risk register. The following controls support the risk management framework to ensure appropriate governance around the management of operational risks:

- > an established organisational and governance structure and lines of reporting
- > detailed terms of reference for the Board and all Board committees
- > comprehensive financial planning, budgeting, management reporting and monitoring
- > formal written policies and hierarchical authorisation and approval levels
- > internal audit services engagement with programmes selected for review which are informed by the risk register.

Key strategic risk	Key considerations
We are too small scale in our thinking and do not initiate and back projects that will lead to large-scale impact.	Three-year strategies are in place which have more specific, measurable, intermediate goals that are organised by area of focus. Mapping of our existing portfolio against the three-year strategies helps to identify gaps and priorities.
Poor investment returns due to changing external environments results in the endowment being unable to fund Nesta's activities.	Investment risk is managed with the support of our external investment advisors, through regular review of The Nesta Trust investment policy, management of the strategic asset allocation, regular performance reporting, diversification across a broad range of asset classes, investment managers and investment strategies, and ongoing manager reviews.
Workload is too widespread and teams are too stretched to appropriately support Nesta's work on its missions.	Effective project management processes are in place to ensure resources are adequately allocated to all missions.
One or more projects, partners, or subsidiary activities attract public criticism which diminishes Nesta's reputation and its ability to advance its objects.	Oversight from the Nesta legal team with continued review of policies and regular training ensures this risk is mitigated to an acceptable level.
Threat of a serious breach from a cyber attack.	The risk is mitigated by antivirus/endpoint protection software, daily monitoring and bespoke training for critical staff.

## Auditors

Following an external tender exercise in the previous year, BDO LLP stepped down after the approval of the year ended 31 March 2023 accounts and RSM UK Audit LLP were appointed to undertake the audit for the year ended 31 March 2024.

# 4. Objects

Nesta works to advance the following charitable aims for the public benefit:

- |  |   |  |
|--|---|--|
| <p><b>1.</b> To advance education, and in particular the study of innovation, by the promotion of research and the publication of the useful results thereof, in:</p> <ul style="list-style-type: none"> <li>&gt; science and technology</li> <li>&gt; the arts</li> <li>&gt; the efficiency of public services</li> <li>&gt; the voluntary sector and social enterprise</li> <li>&gt; industry and commerce.</li> </ul> | <ul style="list-style-type: none"> <li>&gt; relieves poverty</li> <li>&gt; relieves unemployment</li> <li>&gt; advances health</li> <li>&gt; advances environmental protection or improvement and sustainable development</li> <li>&gt; advances citizenship or community development through, or by encouraging and supporting, innovation.</li> </ul> | <p>Voluntary organisations are independent organisations which are established for purposes that add value to the community as a whole, or a significant section of the community and which are not permitted by their constitution to make a profit for private distribution. Voluntary organisations do not include local government or other statutory authorities.</p> |
| <p><b>2.</b> To advance:</p> <ul style="list-style-type: none"> <li>&gt; science and technology</li> <li>&gt; the arts</li> <li>&gt; the efficiency of public services;</li> <li>&gt; the voluntary sector</li> <li>&gt; industry and commerce and social enterprise which:</li> </ul>   | <p>The voluntary sector means charities and voluntary organisations. Charities are organisations which are established for exclusively charitable purposes in accordance with the law of England and Wales.</p>   | <p>Sustainable development means 'development that meets the needs of the present without compromising the ability of future generations to meet their own needs.'</p>   |
|  |   | <p><b>3.</b> To advance any other purpose which is recognised as exclusively charitable under the laws of England and Wales and Scotland.</p>  |

## Fundraising statement

Section 162a of the Charities Act 2011 requires us to make a statement regarding fundraising activities. Nesta does not undertake any fundraising activities and does not use any professional fundraisers or 'commercial participators' or any third parties to solicit donations. We are therefore not subject

to any regulatory scheme or relevant codes of practice. We have not received any complaints in relation to fundraising activities, nor do we consider it necessary to design specific procedures to monitor such activities in the current year or in the prior year.

## Public benefit statement

The trustees confirm that, in exercising their powers and duties in relation to both Nesta and The Nesta Trust, they have had due regard to the Charity Commission's statutory guidance on public benefit.

A copy of the Charity Commission's guidance on public benefit is provided to each trustee. The Board considers how every proposal brought to it for approval will advance Nesta's charitable objects for public benefit.

This report sets out some of the activities and achievements of Nesta in carrying out its charitable purposes, and the purposes of The Nesta Trust, for the public benefit over the year. Nesta confronts challenges that affect millions of people, from inequality and ill-health to the climate crisis, believing that innovation offers more potential now than ever before. We

see opportunities to mobilise citizens and influence behaviour. We see private and public capital that can be used more creatively. There is a wealth of data to mine and so we draw on these rich resources by bringing together diverse teams. Data scientists, designers and behavioural scientists. Practitioners, academics, entrepreneurs and people with lived experience.

Together, we design, test and scale new solutions to society's biggest problems. We partner with frontline organisations, build new businesses and work to change whole systems. Harnessing the rigour of science and the creativity of design, we work relentlessly to put new ideas to the test.

The details of Nesta's purposes and objectives, and its strategies and achievements in pursuing these purposes and objectives, are set out on pages [5 to 19](#).

# 5. Governance and management

Nesta was established and registered as a charity in 2011 to act as successor body to the National Endowment for Science, Technology and the Arts ('NESTA'). NESTA was a non-departmental public body with a statutory remit to promote talent, creativity and innovation in science, technology and the arts, with an endowment from the National Lottery. All NESTA activities, staff, assets and liabilities were transferred on 1 April 2012 to Nesta (registered charity no. 1144091) and The Nesta Trust (registered charity no. 1144683). The Trust holds the expendable endowment and Nesta, its sole Trustee, uses returns from the Trust to pursue the charitable objects of the Trust.

Nesta is a company limited by guarantee and a charity registered with the Charity Commission and the Office of the Scottish Charity Regulator. Its trustees are both directors and members of the company. For more information on the group structure and subsidiaries please see page [20](#).

Under company and charity law, the Board of Trustees retains overall responsibility for Nesta and its role as Trustee of The Nesta Trust. Trustees on the date this annual report is published are listed on page [4](#).

Ed Richards has been the Charity's Chair since 1 April 2022. The Board met six times in the year with members of the Executive Team also present.

The Trust has a Protector appointed by the Secretary of State for Science, Innovation and Technology (formally Business, Energy and Industrial Strategy) with a fiduciary duty to ensure the integrity of administration of the Trust and the propriety of its procedures. James Sinclair Taylor, an experienced charity lawyer, was appointed as the first Protector of the Trust by the Secretary of State on 1 April 2012. His term came to an end on 31 March 2022. The process to recruit his replacement has been interrupted due to the relevant government minister changing and is still not concluded. In the interim, it has been agreed with the Secretary of State that James Sinclair Taylor shall be the governance adviser of the Trust with the same responsibilities and powers as the Protector.

Trustees receive no remuneration for acting as trustees and are appointed for an initial term of three years, renewable for another three years with Board approval. All new trustees receive a tailored induction and information about structure and governance, and their responsibilities as charity trustees, in accordance with the Charity Governance Code. The Board observes all seven principles of the Charity Governance Code and provides appropriate control, challenge and support to the Executive Team.

The Board has adopted a conflicts of interest policy and processes for both staff and trustees to ensure that conflicts of interests are declared and managed appropriately, and maintains a Register of Interests. Trustees are reminded to declare relevant interests at the start of every Board and committee meeting.

The Board has appointed a Chief Executive to lead and manage Nesta by implementing the policy and strategy adopted by the trustees within the plan and budget approved by the Board. Approval for decisions up to certain financial thresholds have been delegated to the Chief Executive and other executive directors under a Scheme of Delegation. All decisions above this threshold must be approved by the Board or its committees. The Board has also reserved to itself certain important decisions, such as changes to the Articles, appointment of the Chief Executive, and approval of the long-term objectives and strategy.

Nesta's Executive Team comprises the Group Chief Executive, plus the Deputy Chief Executive, the Group Chief People Officer, the Group General Counsel and Company Secretary, the Chief Programmes Officer, Chief Strategy Officer, Chief Practices Officer, Executive Director of Investments and the Group Executive Director of Communications. A full list is given on page [77](#).

The Board has established a number of committees to oversee aspects of Nesta's activities. Each of the Board committees has delegated authority in respect of certain functions and activities and has written terms of reference approved by the Board, and report to the Board at each Board meeting. A list of trustee members and the respective chairs for each of the Board committees is provided on page [76](#).

Here is a list of the main Board committees:

#### **Audit and Risk Committee**

which reviews management reporting and financial performance against budget, and recommends to the Board the annual budget; as well as reviewing audit and financial reporting, internal financial controls, risk management and compliance. The Committee met three times during the year.

#### **Trust Investment Committee**

whose key responsibilities are to draw up the policies and objectives governing the investment of The Nesta Trust's assets, to approve investments within ranges set by the Board, to oversee their implementation and to monitor financial performance of The Nesta Trust. The Committee met five times during the year.

#### **Quarterly Investment Committee**

which manages the Trust's portfolio of interests in early stage companies and funds transferred from NESTA, manages social investments, and oversees any other Nesta Investment. The Committee met four times during the year.

#### **People Committee**

whose key responsibilities are reviewing and approving staff terms and conditions, and ensuring fair and appropriate remuneration and benefit policies. The Committee met three times during the year, and advised on the annual pay award which was negotiated with the Community Union and also determined the annual remuneration of the Executives. The Committee also manages the recruitment of new trustees and oversees appointments to other committees.

#### **Mission Committees**

This is an advisory committee with no delegated authority from the Board. This Committee's purpose is to provide advice and direction to the Missions and to actively participate in the shaping of initiatives and supporting staff to deliver the new Mission goals. The Committee met three times during the year.

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## **Sustainability and carbon reporting**

Nesta is reporting energy and carbon emissions in compliance with The Companies (Director's report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018.

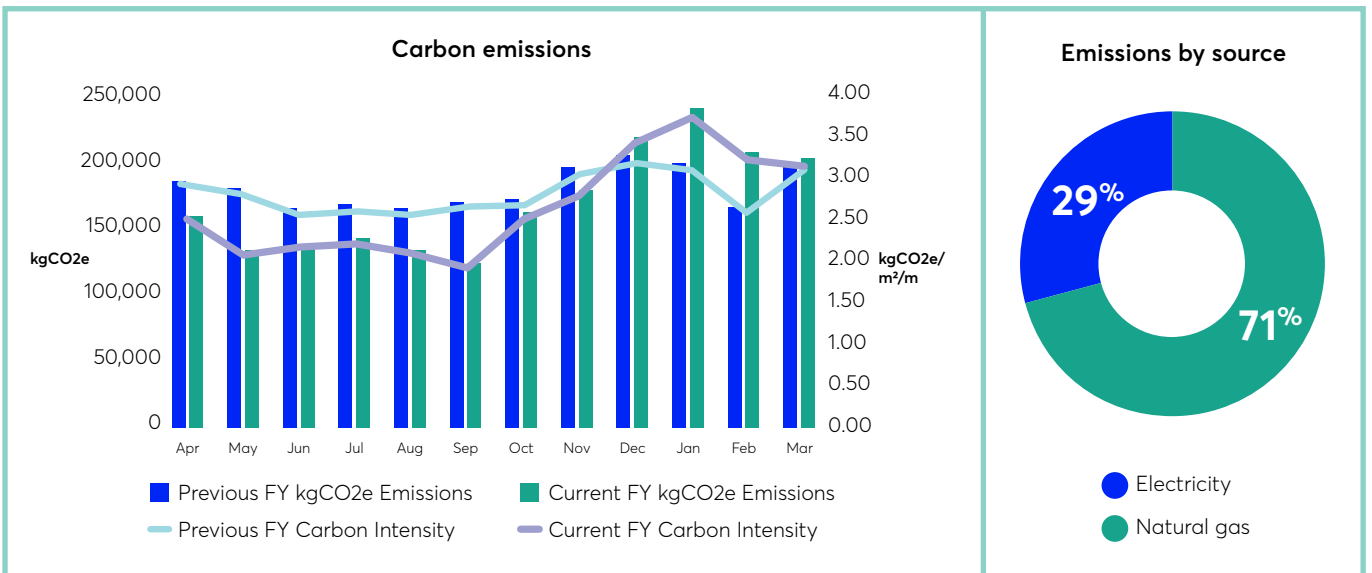
Energy consumption on site has decreased by approximately 10% between the latest reporting year and the prior reporting year. This reduction has been driven by a substantial decrease in gas consumption, which is due to reduced Combined Heat and Power (CHP) operation. Accordingly, there has been an increase in electricity consumption on site. The operational change is visible in

the below graph; gas consumption through the summer months is significantly reduced. The overall energy balance remains below prior years' levels, suggesting more efficient HVAC operation on site.

The building team continually monitors the energy consumption and have put in place processes to reduce energy consumption, including closing floors when the footfall is reduced and introducing lighting that not only turns off when no one is using the area but also turns off the air conditioning to save energy.

<b>Financial year</b>	April 2023 – March 2024	<b>Emissions</b>	201,129 kgCO <sub>2</sub> e
<b>Intensity metric</b>	Floor area (m <sup>2</sup> )	<b>Emissions intensity</b>	35.08 kgCO <sub>2</sub> e/m <sup>2</sup> /year

Reporting category	Current reporting year April 23 through March 24	Previous reporting year April 22 through March 23	Base reporting year April 20 through March 21
<b>Energy consumption used to calculate emissions (kWh)</b>	<b>1,008,558</b>	<b>1,120,407</b>	<b>660,848</b>
Electricity (kWh)	689,278	629,766	414,202
Natural gas (kWh)	319,280	490,641	246,646
Emissions from combustion of gas (Scope 1) (kgCO <sub>2</sub> e)	58,401	89,618	45,350
Emissions from purchased electricity (Scope 2) (kgCO <sub>2</sub> e)	142,727	123,707	98,751
<b>Total gross kg CO<sub>2</sub>e emitted during the reporting period</b>	<b>201,128</b>	<b>213,325</b>	<b>144,101</b>
<b>Intensity ratio (gross kgCO<sub>2</sub>e/m<sup>2</sup>/year</b>	<b>35,08</b>	<b>37,20</b>	<b>25,13</b>
Emissions from purchased natural gas (Scope 1, market based) (kgCO <sub>2</sub> e)	58,401	89,618	45,350
Emissions from purchased electricity (Scope 2, market based) (kgCO <sub>2</sub> e)	142,727	123,707	98,751
Carbon offsets (kgCO <sub>2</sub> e)	-	-	-
Total annual net emissions (kgCO <sub>2</sub> e)	201,128	213,325	144,101
Net intensity ratio (kgCO <sub>2</sub> e/m <sup>2</sup> )	35,08	37,20	25,13



## Methodology and estimates

Nesta complies with the Companies Act 2006 (Strategic Report and Director's Report) Regulations 2013 and the Companies (Director's Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 and the approach to reporting is based on the GHG Protocol Corporate Accounting and Reporting Standard in line with the guidance on SECR. The reporting period is for the financial year 1 April 2023 to 31 March 2024, reporting all material GHG emissions using 'Kilograms of CO<sub>2</sub> equivalent' (kgCO<sub>2</sub>e) as the unit of measurement and reporting energy use in kWh. Included is the energy and emissions for the buildings operated and within the financial control boundary. The results are presented as Location based emissions and Market based emissions, where applicable. Location based reflects the average emissions intensity of grid supplies (using grid average emissions factors) and Market based reflects emissions from electricity and or gas where companies have opted to procure green energy or invested in renewable generation. The methodology used to calculate total

energy consumption was performed by implementing half-hour data provided by the utility company serving the organisation/asset. As Nesta does not occupy the whole building at 58 Victoria Embankment, consumption for areas outside of Nesta's control has been deducted. This has been deducted through sub-meter readings. Emission levels increasing is in line with more people using the office. Energy and fuel consumption has been converted to carbon (kgCO<sub>2</sub>e) using DEFRA published conversion factors with new conversion tables using the most up to date conversion factors for each period and each fuel type. In this instance, grid electricity and natural gas conversion rates were used. The most appropriate intensity metric has been selected in line with the primary drivers of energy consumption, where possible. For this report Gross Internal Area (GIA SQM) has been selected as the most appropriate to achieve a benchmark, and calculated intensity based on kWh consumed per meter squared per year (kWh/SqM/yr).

## The Charity Governance Code

Nesta's Board has applied the principles set out in the Charity Governance Code (the 'Code'). In 2021 and in accordance with good practice, external specialist consultants undertook a full governance and board effectiveness review which concluded that Nesta has a "well functioning board that has led Nesta through

significant change". The recommendations in the report aimed at further improving and refining Nesta's governance have been implemented and, in addition, Nesta's governance structures are regularly reviewed internally to ensure they continue to be best practice.

## Section 172 statement

### Background

As a company limited by guarantee, Nesta is required to report on how trustees have discharged their duty to promote the best interests of Nesta, while having regard to the matters set out in section 172(1)(a) to (f) of the Companies Act 2006. In doing so, regard (among other matters) must be given to:

- > the likely long-term consequences of any decision
- > the interests of employees
- > fostering relationships with key stakeholders
- > the impact of operations on our communities and environment
- > maintenance of our reputation for the highest standards of conduct
- > the need to act fairly as between members of the company.

### Our stakeholders

The Board recognises that Nesta's relationship with its stakeholders is critical to its success. Our charitable objects, scale and impact are achieved in part through relationships and having a positive influence on public policy for public benefit.

It is to note that the Nesta Trust reports into the UK Government's Department for Science, Innovation and Technology in terms of the Trust's balance sheet, which forms part of the department's annual financial accounts. The department does not have any control over the investments the Trust makes but as previously stated earlier in the report, a Protector is in place to observe the governance of the Trust.

The table below sets out our key stakeholder groups, the key considerations of each group and how we engage with them. By understanding our stakeholders, Board discussions consider the potential impact of our decisions on each stakeholder group and consider their needs and concerns.

Stakeholder group	Key considerations	How we engage
<b>Beneficiaries</b>	Improving the lives of the people and communities that Nesta works with. Making sure that our work benefits a significant section of the public.	Digital communications (website, social media, direct email). Event appearances and media coverage. Via our partners.
<b>Partners</b>	Nesta's partners are broad with varying interests. The nature of our partner engagement covers anything from working as part of a coalition for change on a particular issue, as a collaborator on a particular research project.	Publication of research reports, articles, data stories and blogs. Face to face meetings, or other forms of one-to-one engagement on relevant issues. Events and roundtables. Partner feedback and insights sought on issues of relevance to that partner. Newsletters, social media and other forms of marketing engagement. Nesta events and through attending or speaking at external events.
<b>Employees</b>	Succession planning. Growth, training and development. Diversity, inclusion and equality. Fair and appropriate remuneration, benefits and conditions.	We receive feedback and seek to implement positive change. Intranet, staff newsletters and all-staff meetings. Employee engagement survey. Learning and development through our People team.
<b>Regulators</b>	Maintaining strict governance procedures to ensure compliance with all applicable regulatory regimes.	Timely submissions of all necessary filings and returns. Self-reporting and engagement where appropriate. Appropriate policies and training on key compliance issues. Oversight by the Legal team. Prompt and comprehensive response to requests for information if requested.
<b>Investment managers</b>	Comprehensive view of the financial performance and sustainability of the endowment. Engagement on impact and ethical, social and governance factors. Ability to maximise the overall return of the endowment.	Regular meetings, calls and correspondence with our investment managers. Oversight from our Trust Investment Committee. Via Nesta's external appointed investment advisers.

## Key decision in 2023/24

The table below sets out the key decision taken by the Nesta Board in 2023/24 and how the interests of our stakeholders and the wider factors set out in section 172 of the Companies Act 2006 were taken into account.

Key decision	Reason	Key considerations
<b>Approval of change of operating model for Nesta's Mission Studio</b>	In order to further the charitable objects of both Nesta and The Nesta Trust, and both in pursuit of Nesta's mission-led strategy and the achievement of financial return, the Board approved in principle to change the operational model of the venture building "Mission Studio" from operating via a joint venture to operating in-house.	<ul style="list-style-type: none"> <li>Long-term impact on Nesta's strategy and on Nesta's ability to continue to achieve its charitable objects.</li> <li>Achievement of financial return for The Nesta Trust.</li> <li>Achievement of Nesta's mission-led strategy.</li> <li>Impact on current and future Nesta beneficiaries.</li> <li>Impact on reputation and standing with Nesta's stakeholders.</li> </ul>
<b>Approval of Support for ShareAction</b>	In order to further the charitable objects of both Nesta and The Nesta Trust, and both in pursuit of Nesta's mission-led strategy, the Board approved support for ShareAction by way of grant funding over a three-year period.	<ul style="list-style-type: none"> <li>Long-term impact on Nesta's strategy and on Nesta's ability to continue to achieve its charitable objects.</li> <li>Achievement of Nesta's mission-led strategy.</li> <li>Impact on current and future Nesta beneficiaries.</li> <li>Impact on reputation and standing with Nesta's stakeholders.</li> </ul>
<b>Approval of support for Challenge Works Longitudinal prize for Motor Neurone Disease</b>	In order to further the charitable objects of both Nesta and The Nesta Trust, the Board approved that £1 million should be allocated to Challenge Works to contribute towards the funding of the administration costs of the new Motor Neurone Disease longitudinal prize.	<ul style="list-style-type: none"> <li>Long-term impact on Nesta's strategy and on Nesta's ability to continue to achieve its charitable objects.</li> <li>Impact on current and future Nesta beneficiaries.</li> <li>Impact on reputation and standing with Nesta's stakeholders.</li> </ul>

## Nesta and its people

Nesta is dedicated to fostering a diverse and inclusive workplace that values the skills and contributions of all employees, regardless of their disability. We are committed to providing equal opportunities for disabled individuals in employment, career development, training and promotion, and to making reasonable adjustments as needed to ensure their success within our organisation. By adhering to this policy, we aim to create a more accessible and inclusive work environment for all.

At Nesta, we believe that a diverse workforce leads to an organisation that is more innovative, more creative and gets better results. We want our workforce to represent the diversity of the people and communities we serve. We also want our workplace to be one where different experiences, expertise and perspectives are valued, and where everyone is encouraged to grow and develop. This means that when we are recruiting, we actively seek to reach a diverse pool of candidates. We consider any reasonable adjustments that potential employees may need in order to be successful, alongside any current employees that may become disabled while in our employment. We recognise the importance of a good balance between work and home life, so we do everything we can to accommodate flexible working, including working from home, compressed or part-time hours or other arrangements.

### Providing information to employees

Nesta has several internal communication channels to disseminate information to employees, including email, Slack, an intranet portal, regular staff bulletins, and options for staff to share Nesta's work through social media platforms. There are regular all-staff meetings to share organisation-wide updates and communicate important information to staff.

### Employee consultation

An annual employee engagement survey is carried out to provide feedback from employees on various aspects of their work environment, policies and practices. Employees are represented by a community union that is included in changes to pay, holidays and working hours through collective bargaining.

### Encouraging employee involvement

The mission teams are cross-functional involving employees from different areas of methods and practices to encourage collaboration and shared decision-making. Employees are encouraged to take ownership of their work and we provide them with the autonomy to make decisions within their scope of responsibility.

### Creating awareness of economic factors

Financial information is accessible to all within legal and regulatory constraints, to help staff understand the financial performance of both the charity and the Nesta Group. Regular updates are given at all staff meetings on the charity's performance and that of The Nesta Trust.

### The Nesta Executive Team

Nesta's Executive Team is responsible for setting our strategic direction alongside providing day-to-day operational leadership of the charity. Our Executive Team (see page 77 for details) provides advice and updates to the Board of Trustees on all strategic, operational or policy matters, the delivery of key organisational goals and communicates any issues arising from the specific functional areas for which its members are responsible.

## Key people activities

Throughout 2023/24 we have focused on building our people processes and employee engagement in the following areas:

- > the implementation of a new performance management approach, 'Purpose Driven Performance', to build performance and engagement at Nesta
- > the introduction of succession planning to drive talent retention and build organisational resilience in Nesta and BIT
- > the implementation of a new Knowledge, Learning and Development function across the Group to develop the capabilities we require to deliver our strategic goals.

## People plans for 2024/25

Looking forward, for 2024/25 we will continue to build our organisational resilience and employee engagement through several people-related initiatives:

- > as the organisation continues to evolve, we will support staff moving into the new Nesta entities, ensuring all relevant processes and procedures are implemented to ensure a smooth transition
- > following the launch of our new and improved performance management process and the launch of a training portfolio we will focus on building the performance and capability of our leaders and managers. Alongside this we'll undertake a career paths exercise to help employees understand how their careers can develop at Nesta
- > in the area of remuneration we will review our benefit offering, including a review of our flexible benefits scheme, ensuring we're offering employees a varied range of benefits to meet their needs
- > and in terms of our culture, we are working on a series of initiatives that will ultimately create an aspirational vision for Nesta's culture in the future and achieve the shift in direction that we need to achieve our strategy.

## Pay at Nesta

At Nesta transparency is fundamental to all aspects of our work and we take the same approach to employee remuneration. In line with recommendations from the National Council for Voluntary Organisations inquiry into executive pay, we have detailed our approach to pay; outlined how our pay levels are defined, and we have listed the cumulative salary total of our Executive Team. All pay bands are visible and available to our employees.

Our People Committee is responsible for agreeing salary levels of all executive posts upon appointment, any ex gratia or non contractual one-off payments and annual pay awards for all staff. The People Committee meets at least four times a year and also supports the People team via correspondence when required.

The cumulative total for Executive salaries is disclosed in Note 8d of the accounts. Our Executive pay band has been set to ensure we attract and retain the talent we require to successfully run a complex organisation, deliver on our strategy and maintain our standing as a global leader in innovation.

Nesta is proud to be an Accredited Real Living Wage employer and funder. We ensure any work experience or interning within the organisation is also fully paid. Nesta's annual salary review takes place each year with any changes taking effect from 1 April. A general award to salaries may be made to reflect changes in the wider labour market and levels of inflation. A general award of four percent was made in April 2024 to reflect the economic impact of the rising cost of living.

Individual pay awards are in the form of a salary increase within the appropriate pay band or promotion to the next pay band and are approved by Executive Directors who meet with the People team to review and agree any proposed increases.

All increases fall within the annual remuneration review budget set aside for salaries which is signed off by the People Committee. Given emphasis on equity, diversity and inclusion we seek to ensure that above inflation awards and promotions across the organisation are proportional and representative across the protected characteristics of ethnicity and gender. Nesta provides a mixed portfolio of financial and non-financial rewards and benefits for our employees to ensure we are able to attract and retain the most talented people to deliver our strategy.

## Statement of trustees' responsibilities

The trustees are responsible for preparing the strategic report, annual report and financial statements in accordance with applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the trustees 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 charitable company, and income and expenditure of the Charitable Group for that period. In preparing these financial statements, the trustees are required to:

- > select suitable accounting policies and then apply them consistently
- > observe the methods and principles in the Charities SORP
- > make judgements and estimates that are reasonable and prudent

- > state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- > prepare the financial statements on the going-concern basis unless it is inappropriate to presume that the Group will continue in business.

The trustees are responsible for keeping proper accounting records that are sufficient to show and explain the Group's and charitable company's transactions, and disclose with reasonable accuracy, at any time, the financial position of the Group and charitable company, and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and hence taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

## Disclosure to our auditors

As far as the trustees are aware, at the date of this report, they have taken all the steps they ought to have taken to make themselves aware of any relevant audit information of which the company's auditor is unaware.

The trustees' report and strategic report are approved by the Board of Trustees and authorised for issue on 27 January 2025, and signed on its behalf by:

**Ed Richards**

Chair of the Board of Trustees of Nesta

Date: 27 January 2025

# 6. Independent auditor's report to the members and trustees of Nesta

## Opinion

We have audited the financial statements of Nesta (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 March 2024 which comprise the Consolidated Statement of Financial Activities, Consolidated and Parent Charity Balance Sheet, Consolidated Cash Flow Statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- > give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 March 2024; and of the group's and the parent charitable company's incoming resources and application of resources, including their income and expenditure, for the year then ended;
- > have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- > have been prepared in accordance with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

## Basis for opinion

We have been appointed auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with regulations made under those Acts.

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or parent charitable company's ability to continue as a going concern for a period of at least 12 months from when the financial statements are authorised for issue.

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

## Other information

The other information comprises the information included in the annual report and accounts other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report and accounts. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## Other Companies Act 2006 reporting

In our opinion, based on the work undertaken in the course of the audit:

- > the information given in the directors' report and the strategic report, prepared for the purposes of company law and included within the trustees' annual report, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- > the directors' report and the strategic report, included within the trustees' annual report, have been prepared in accordance with applicable legal requirements.

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

In the light of the knowledge and understanding of the group and the parent charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the directors' report or the strategic report, included within the trustees' annual report.

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) require us to report to you if, in our opinion:

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

## Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities set out on page 35 the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

## Auditor's responsibilities for the audit of the financial statements

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

## Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team:

- > obtained an understanding of the nature of the sector, including the legal and regulatory frameworks that the group and parent charitable company operate in and how the group and parent charitable company are complying with the legal and regulatory frameworks
- > inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud
- > discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, Charities SORP (FRS 102), Companies Act 2006, Charities Act 2011, tax legislation and Charities and Trustee Investment (Scotland) Act 2005, the parent charitable company's governing document. We performed audit procedures to detect non-compliances which may have a material impact on the

financial statements which included reviewing the financial statements including the Trustees' Report, remaining alert to new or unusual transactions which may not be in accordance with the governing documents.

The most significant laws and regulations that have an indirect impact on the financial statements are employment laws and General Data Protection Regulations. We performed audit procedures to inquire of management and those charged with governance whether the group is in compliance with these law and regulations and inspected correspondence with regulatory authorities and tax authorities and evaluating advice received from external tax advisors.

The group audit engagement team identified the risk of management override of controls as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments, evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

## Use of our report

This report is made exclusively to the members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charitable company's trustees, as a body, in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). Our audit work has been undertaken so that we might state to the members and the charitable company's trustees 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 charitable company, its members as a body, and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

### Hannah Catchpool (Senior Statutory Auditor)

For and on behalf of RSM UK Audit LLP, Statutory Auditor, Chartered Accountants, 25 Farringdon Street, London, EC4 4AB

Date: 31 January 2025

RSM UK AUDIT LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

# 7. Financial statements

## Consolidated statement of financial activities for the year ended 31 March 2024

	Notes to the accounts	Unrestricted funds	Restricted funds	Expendable endowment	Total funds	Total funds
		2024 £'000	2024 £'000	2024 £'000	2024 £'000	2023 £'000
<b>Income from:</b>						
Investment income	2	366	-	13,848	14,214	9,498
Charitable activities	3	3,649	9,629	-	13,278	9,433
Other trading activities	4	24,761	-	-	24,761	26,638
Other income	5	159	-	-	159	545
<b>Total income</b>		<b>28,935</b>	<b>9,629</b>	<b>13,848</b>	<b>52,412</b>	<b>46,114</b>
<b>Total group income</b>		<b>28,935</b>	<b>9,629</b>	<b>13,848</b>	<b>52,412</b>	<b>46,114</b>
<b>Expenditure on:</b>						
<b>Raising funds</b>						
Trading activities	6a	23,193	-	-	23,193	25,128
Investment management costs	6b	56	-	412	468	865
<b>Total expenditure on raising funds</b>		<b>23,249</b>	<b>-</b>	<b>412</b>	<b>23,661</b>	<b>25,993</b>
<b>Charitable activities</b>						
A Fairer Start	7	3,003	-	34	3,037	1,734
A Healthy Life		2,826	473	37	3,336	1,659
A Sustainable Future		2,750	-	31	2,781	2,745
Central Programmes and Devolved Nations		3,385	-	38	3,423	2,813
Committed Programme Delivery		4,292	793	57	5,142	2,744
Enterprises		5,651	6,973	141	12,765	17,937
investments in furtherance of the charity's objectives		6,161	-	69	6,230	277
Practices		4,610	683	59	5,352	5,024
<b>Total expenditure on charitable activities</b>		<b>32,678</b>	<b>8,922</b>	<b>466</b>	<b>42,066</b>	<b>34,933</b>
<b>Total expenditure</b>		<b>55,927</b>	<b>8,922</b>	<b>878</b>	<b>65,727</b>	<b>60,926</b>
<b>Net (expenditure)/income before investment gains</b>		<b>(26,992)</b>	<b>707</b>	<b>12,970</b>	<b>(13,315)</b>	<b>(14,812)</b>
Net gains/(losses) on Investments for financial return	11	-	-	20,058	20,058	(23,873)
<b>Net (expenditure)/income</b>		<b>(26,992)</b>	<b>707</b>	<b>33,028</b>	<b>6,743</b>	<b>(38,685)</b>
<b>Share of (losses) in joint venture</b>		<b>(545)</b>	<b>-</b>	<b>-</b>	<b>(545)</b>	<b>(704)</b>
Transfers between funds	16	28,283	1,356	(29,639)	-	-
<b>Net income/(expenditure) before other recognised (losses)/gains</b>		<b>746</b>	<b>2,063</b>	<b>3,389</b>	<b>6,198</b>	<b>(39,389)</b>
<b>Other recognised (losses)/gains</b>						
Foreign exchange (losses)/ gains		(63)	-	(2)	(65)	102
<b>Net movement in funds for the year</b>		<b>683</b>	<b>2,063</b>	<b>3,387</b>	<b>6,133</b>	<b>(39,287)</b>
<b>Reconciliation of funds</b>						
<b>Total funds brought forward</b>	23	<b>50,682</b>	<b>12,493</b>	<b>408,548</b>	<b>471,723</b>	<b>511,010</b>
<b>Total funds carried forward</b>		<b>51,365</b>	<b>14,556</b>	<b>411,935</b>	<b>477,856</b>	<b>471,723</b>

A summary income and expenditure account is presented in Note 18 in compliance with the Companies Act 2006.

The Group has no recognised gains or losses other than those included in the Consolidated statement of Financial activities. All activities are continuing.

The notes on pages [43](#) to [75](#) form part of these accounts.

## Parent statement of financial activities for the year ended 31 March 2024

	Unrestricted funds 2024 £'000	Restricted funds 2024 £'000	Total funds 2024 £'000	Total funds 2023 Restated* £'000
<b>Income from:</b>				
Donations and legacies	29,639	-	29,639	27,108
Investment income	604	-	604	861
Charitable activities	4,312	9,629	13,941	10,640
Rental income	2,013	-	2,013	1,623
Other income	1,303	-	1,303	577
<b>Total income</b>	<b>37,871</b>	<b>9,629</b>	<b>47,500</b>	<b>40,809</b>
<b>Expenditure on:</b>				
Charitable activities				
A fairer start	3,084	-	3,084	1,827
A healthy life	2,990	473	3,463	2,065
A sustainable future	2,857	-	2,857	3,105
Central Programmes and Devolved Nations	3,370	-	3,370	2,859
Committed Programme Delivery	4,689	793	5,482	4,252
Enterprises	5,274	6,973	12,247	18,323
Investments	5,330	-	5,330	3,011
Practices	4,798	683	5,481	5,625
<b>Total charitable activities</b>	<b>32,392</b>	<b>8,922</b>	<b>41,314</b>	<b>41,067</b>
<b>Total expenditure</b>	<b>32,392</b>	<b>8,922</b>	<b>41,314</b>	<b>41,067</b>
<b>Net (loss)/gain on investments</b>	<b>(7,572)</b>	<b>-</b>	<b>(7,572)</b>	<b>2,102</b>
<b>Net (expenditure)/ income</b>	<b>(2,093)</b>	<b>707</b>	<b>(1,386)</b>	<b>1,844</b>
Transfer between funds	(1,354)	1,354	-	-
<b>Net movement in funds for the year</b>	<b>(3,447)</b>	<b>2,061</b>	<b>(1,386)</b>	<b>1,844</b>
<b>Reconciliation of funds</b>				
<b>Total funds brought forward</b>	<b>42,821</b>	<b>12,491</b>	<b>55,312</b>	<b>53,468</b>
<b>Total funds carried forward</b>	<b>39,374</b>	<b>14,552</b>	<b>53,926</b>	<b>55,312</b>

The company has no recognised gains losses other than those included in the Statement of Financial Activities.

All activities in the current and prior year relate to continuing activities.

\*Included in investment income above for 2023 is £0.8 million relating to distributions from Nesta Investment Management, a wholly owned subsidiary; these were previously included on the Statement of Financial Activities within net (loss)/ gain on investments.

## Consolidated and parent charity balance sheet as at 31 March 2024

Company number: 07706036

	Notes to the accounts	Group 2024 £'000	Parent Charity 2024 £'000	Group 2023 £'000	Parent Charity 2023 £'000
<b>Fixed assets</b>					
Intangible fixed assets	9	6,205	-	9,474	-
Tangible fixed assets	10	25,130	1,025	25,136	888
Investments:					
Investments – quoted and unquoted	11	399,214	-	390,432	-
Programme-related investments	12a	29,848	25,416	26,065	21,698
Programme-related investment in joint venture – share of net assets/costs	12b	2,752	879	1,796	2,500
Mixed motive investment	12c	-	17,478	-	21,929
		431,814	43,773	418,293	46,127
<b>Total fixed assets</b>		<b>463,149</b>	<b>44,798</b>	<b>452,903</b>	<b>47,015</b>
<b>Current assets</b>					
Debtors	13	22,154	15,752	20,269	11,746
Cash and cash equivalents		16,451	5,781	20,077	6,933
<b>Total current assets</b>		<b>38,605</b>	<b>21,533</b>	<b>40,346</b>	<b>18,679</b>
<b>Current liabilities</b>					
Creditors – amounts falling due within one year	14	(13,652)	(11,352)	(13,568)	(9,931)
<b>Net current assets</b>		<b>24,953</b>	<b>10,181</b>	<b>26,778</b>	<b>8,748</b>
<b>Total assets less current liabilities</b>					
		<b>488,102</b>	<b>54,979</b>	<b>479,681</b>	<b>55,763</b>
Creditors – amounts falling due after one year	14	(10,246)	(1,053)	(7,958)	(451)
<b>Net assets</b>		<b>477,856</b>	<b>53,926</b>	<b>471,723</b>	<b>55,312</b>
<b>Charitable funds</b>					
Expendable endowment funds	16a	411,935	-	408,548	-
General funds	16a	52,868	39,370	51,640	42,821
<b>Total charitable unrestricted funds</b>		<b>464,803</b>	<b>39,370</b>	<b>460,188</b>	<b>42,821</b>
Restricted funds	16b	14,556	14,556	12,493	12,491
<b>Total charitable funds</b>		<b>479,359</b>	<b>53,926</b>	<b>472,681</b>	<b>55,312</b>
Funds retained within non-charitable joint ventures	16a	(1,503)	-	(958)	-
<b>Total funds</b>		<b>477,856</b>	<b>53,926</b>	<b>471,723</b>	<b>55,312</b>

The notes on pages 43 to 75 form a part of these accounts.

Approved by the Board of Trustees and authorised for issue on 27 January 2025 and signed on its behalf by Ed Richards, Chair of the Board of Trustees.

**Ed Richards,**

Chair of the Board of Trustees of Nesta

Date: 27 January 2025

## Consolidated cash flow statement for the year ended 31 March 2024

	Note	Group 2024 £'000	Group 2023 £'000
<b>Cash flows used in operating activities</b>			
Net cash used in operating activities	(a)	(20,551)	(24,151)
<b>Cash flows from investing activities</b>			
Net cash inflows from investing activities	(b)	17,005	20,112
<b>Cash flows used in financing activities</b>			
Net cash (outflows) from financing activities	(c)	(15)	(20)
<b>Change in cash and cash equivalents in the reporting period</b>		<b>(3,561)</b>	<b>(4,059)</b>
<b>Cash and cash equivalents at the beginning of the reporting period</b>		<b>20,077</b>	<b>24,034</b>
<b>Change in cash and cash equivalents due to exchange rate movements</b>		<b>(65)</b>	<b>102</b>
<b>Cash and cash equivalents at the end of the reporting period</b>		<b>16,451</b>	<b>20,077</b>
<b>Cash flow statement notes</b>			
<b>(a) Reconciliation of net income/(expenditure) to net cash flow from operating activities</b>			
Net income/(expenditure) for the reporting period (as per consolidated statement of financial activities)		6,743	(38,685)
Depreciation charges		1,077	252
Amortisation charges		1,090	1,089
Unrealised and realised (gains)/losses from quoted and unquoted investments		(20,060)	23,873
Impairment of goodwill		2,179	-
Revaluation of programme-related investments		1,661	(2,004)
Dividends, interest and rents from investments		(14,189)	(9,492)
Bank interest		(24)	(6)
Interest paid and bank charges		15	20
Investment management fees		468	865
(Increase)/decrease in debtors		(1,883)	566
Increase/(decrease) in creditors		2,372	(629)
		<b>(20,551)</b>	<b>(24,151)</b>
<b>(b) Cash flows from investing activities</b>			
Dividends, interest and rents from investments		14,189	9,492
Bank interest		24	6
Investment management fees		(468)	(865)
Purchase of property, plant and equipment		(1,147)	(744)
Purchase of quoted and unquoted investments		(26,833)	(147,776)
Purchase of programme-related investments		(6,301)	(6,625)
Proceeds from sale or maturity of quoted and unquoted investments		38,111	164,379
Proceeds from sale of fixed assets		74	779
Proceeds from sale of programme-related investments		(99)	2,170
Movement in net assets of joint ventures		(545)	(704)
		<b>17,005</b>	<b>20,112</b>
<b>(c) Cash flows from financing activities</b>			
Interest paid and bank charges		(15)	(20)
		<b>(15)</b>	<b>(20)</b>

## Analysis of changes in net debt

	At start of year £'000	Cashflows £'000	Foreign exchange movements £'000	At end of year £'000
Cash and cash equivalents	20,077	(3,561)	(65)	16,451
	<b>20,077</b>	<b>(3,561)</b>	<b>(65)</b>	<b>16,451</b>

Included in cash and cash equivalents of £16.5 million (2023: £20.0 million) is a balance of £5.0 million (2023: £5.0 million) which is restricted for specific projects.

## 1. Accounting policies

### a. Basis of preparation

The financial statements are prepared under the historical cost convention, modified by the revaluation of certain financial assets as specified below. They have been prepared on a going concern basis and in accordance and compliance with: (i) FRS 102, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland; (ii) Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) 'Charities SORP (FRS 102)' issued by the Charity Commission; and (iii) Companies Act 2006.

The financial statements are presented in sterling, which is also the functional currency of the group. The amounts are presented to the nearest £1,000.

### b. Going concern

As Nesta is able to draw down cash from Nesta Trust as required within the approved funding envelope, the trustees have concluded that there is a reasonable expectation that the Group has adequate resources to continue activities for the foreseeable future and no material uncertainties have been identified in respect of going concern.

The trustees have reviewed the current cash position of the Group alongside forecasts for the coming financial year and beyond and have concluded that the Group has adequate resources to cover the forecast expenditure for at least 12 months from the approval of these financial statements. Further detail can be found in the accounts of each subsidiary.

They have therefore adopted the going concern basis in preparing the financial statements..

### c. Basis of consolidation

The consolidated financial statements incorporate the results of Nesta and all its subsidiary undertakings including The Nesta Trust, from the date that control commences to the date that it ceases.

The Trust holds investment assets previously held by the National Endowment for Science, Technology and the Arts ("NESTA") which was abolished on 1 April 2012. The assets of the Trust provide income and capital to be applied by Nesta as sole Trustee to further the objects of the Trust. As the sole Trustee of the Trust, Nesta is considered to control the Trust which operationally means Nesta is responsible for the Trust's investment policy. It is for this reason that the accounts of the Trust have been consolidated with the accounts of Nesta.

Subsidiary undertakings are consolidated on a line-by-line basis using the acquisition method of accounting in accordance with Section 9 'Consolidated and Separate Financial Statements' of FRS 102.

Details of Nesta's subsidiary undertakings can be found in Note 15.

Joint ventures that are not held as part of an investment portfolio are consolidated using the Gross Equity method of accounting in accordance with Section 15 'Investments in Joint Ventures' of FRS 102. Details of Nesta's joint ventures can be found in Note 12b.

The Group applies the exemption contained in Section 15 'Investments in Joint Ventures' of FRS 102 so that where joint ventures and associates are held as part of an investment portfolio, they are included within investment assets.

When a joint venture becomes a subsidiary in the period, it is accounted for as a subsidiary from the date that control commences to the date that it ceases.

## 1. Accounting policies (continued)

### d. Fund accounting

The general fund consists of unrestricted funds that are available for the furtherance of the objects of the charity at the discretion of the trustees.

Restricted funds are subject to specific restrictions as applied by programme funders.

Where Nesta provides match-funding or programme support on projects, total expenditure is shown in the restricted fund and a transfer from the general fund to the restricted fund is made to account for Nesta's share of expenditure.

The expendable endowment fund relates to the funds of the Trust. These funds are held without distinction as to capital and income and can be applied in furtherance of the objects of the Trust. The Trust makes an annual transfer to Nesta to deliver its charitable aims as detailed in the reserves policy.

### e. Income

Income is recognised in the consolidated statement of financial activities in the period in which the Group is entitled to receipt and where the amount can be measured with reasonable accuracy, and where receipt is probable.

Grant income is recognised in the consolidated statement of financial activities when the Group has entitlement to the funds, it is probable the income will be received, the amount can be measured reliably and any performance conditions attached to the grants have been fully met. Where performance related conditions have only been partially met, income is recognised to that extent with the balance deferred until these conditions have been satisfied.

Where there is a repayment of income that has been previously recognised or not all income has been drawn down at the end of a project, this is recognised as negative income in the relevant period.

Investment income includes interest and dividends from investment assets, deposits and a joint venture, with any associated tax credits or recoverable taxation included in the consolidated statement of financial activities on an accruals basis.

Income from trading activities is generated on non-primary purpose trading activities of the trading subsidiaries Nesta Enterprises Limited, Behavioural Insights Limited ("BIT") and Nesta Challenges. This represents the value of services provided under contracts to the extent that there is a right to consideration and is

recorded at the value of the consideration due. Where a contract has only been partially completed at the balance sheet date, income represents the value of the service provided to date based on proportion of the total contract value. Where payments are received from customers in advance of services provided, the amounts are recorded as deferred income and included as part of creditors due within the year.

### f. Expenditure

Expenditure is accounted for on an accruals basis.

Expenditure on raising funds includes both trading activities and investment management expenditure. Trading expenditure is incurred on non-primary purpose trading activities of the trading subsidiaries Nesta Enterprises Limited, Behavioural Insights Limited ("BIT") and Nesta Challenges. Investment management costs consist of investment fund manager fees paid in cash as well as those that have been grossed up where they are offset against the fund's value rather than payable in cash, dilution levies, investment consultancy and custodian fees.

The categories defined by the trustees for the purposes of organisational management are – A fairer start, a healthy life, a sustainable future, Central Programmes and Devolved Nations, Committed Programme Delivery, Enterprises, investments in furtherance of the group's charitable objectives and practices.

Grants payable are recognised as expenditure in the consolidated statement of financial activities on the date when a grant agreement is signed or equivalent obligation created less any awards cancelled or refunded, where there are no performance related obligations that are required to be fulfilled under the terms of the grants. Grants awarded but not yet paid are recorded as a liability in the consolidated balance sheet. Where grants paid are selected to be converted to an equity holding in the grantee organisation by virtue of grant conditions being met, on the date where there is a binding contract with investment terms agreed by both parties, grant expenditure is reversed and an investment asset is recognised and the asset valued in accordance with the group's investment valuation policies.

Commitments or approvals to fund specific projects not yet signed by Nesta are disclosed by way of note (see Note 20).

Non-grant direct costs include staffing, programme delivery partner costs, workshop event costs, commissioned research and evaluation, and any other direct costs attributable to a specific activity.

## 1. Accounting policies (continued)

Support costs include costs shared by all activities. They include the costs of the office of the CEO, communications, front of house, facilities, finance, legal, information technology, and human resources. Support costs also include the costs related to governance which are costs attributable to maintaining the public accountability of the charitable group and ensuring compliance with regulation and good practice. Costs incurred by trustees, internal and external audit costs and legal fees are included within governance costs.

Irrecoverable VAT incurred is allocated to the expenditure category to which it relates.

Redundancy and termination payments are recognised when there is a demonstrable commitment that cannot be realistically withdrawn.

### g. Support costs – allocation

Support costs are allocated to each area of programme activity on bases appropriate to the activity concerned. These drivers include ratio of direct costs and headcount. Further detail is given in Note 7a.

### h. Intangible fixed assets and amortisation

Goodwill included in intangible assets represents the excess of the cost of Behavioural Insights Limited (BIT) over the fair value of the Group's share of the net identifiable assets of BIT at the date of acquisition, 10 December 2021.

Goodwill on acquisitions of joint ventures and associates is included in the related equity accounted investment value (Note 9).

Any diminution or impairment in value is charged to the statement of financial activities as charitable expenditure.

Amortisation is calculated on a straight-line basis. As the useful life of goodwill cannot be reliably estimated, it is being written off over a period of 10 years as determined by the trustees.

### i. Tangible fixed assets and depreciation

Property, plant and equipment are capitalised at their historic cost and stated at cost less depreciation. Assets costing less than £500 are expensed in the year of purchase.

Depreciation is calculated on a straight-line basis over the expected useful life of the assets as follows:

> leasehold property and improvements	over the remaining life of the lease
> plant and machinery	seven to eighteen years
> office equipment, fixtures and fittings	three to five years
> computer hardware	three years
> computer software	three to five years or the life of the licence.

Any diminution or impairment in value is charged to the consolidated statement of financial activities under charitable activities.

### j. Investment assets – quoted and unquoted

Investment assets include quoted and unquoted investments. Nesta holds its investment assets on trust without distinction between capital and income, applying them in furtherance of its objects. Assets held by The Nesta Trust are classed as an expendable endowment.

Cash and short-term deposits and investments to be held less than 12 months are presented in the balance sheet as current assets. All other financial assets are presented as fixed assets. Deferred investments and loans represent the portion of commitments which remain undrawn but draw down has been requested at the balance sheet date. The corresponding commitment is recognised under current liabilities.

Loans are recognised as financial assets when repayment of the loan or the option to convert to equity has not expired by the balance sheet date. The loans are included in fixed assets except where repayment is expected within 12 months of the balance sheet date, when they are included as current assets.

## 1. Accounting policies (continued)

The carrying value of all investments is at market value except where we are unable to obtain a reliable estimate of market value. Unrealised changes in value between accounting periods are charged or credited to the statement of financial activities. For financial assets for which there is no quoted market, market value is established by using valuation guidelines as detailed below.

### I. Valuation – quoted investments

The market values of quoted investments are based on externally reported bid prices at the balance sheet date.

Equity investments, high yield bonds, and property trusts are held in pooled funds and are stated at market value, being the market value of the underlying investments held. These valuations are provided by the relevant fund manager.

### II. Valuation – unquoted investments

Private equity investments are held through funds managed by private equity managers. As there is no identifiable market price for private equity funds, these funds are included at the most recent valuations provided by the private equity managers, adjusted for cash calls and distributions.

Where a valuation is not available at the balance sheet date, the most recent valuation from the private equity manager is used, adjusted for cash flows between the most recent valuation and the balance sheet date.

An estimated value of unquoted investments in early-stage companies is established by using valuation guidelines produced by the British Private Equity & Venture Capital Association (BVCA).

- > BVCA guidelines provide for investments to be carried at cost unless there is information indicating an impairment or sufficiently clear evidence to support an increase in valuation
- > where the price of a recent funding round (within previous 12 months) is not available, investments are valued using standard valuation methodologies, as appropriate and in the following order;
  - i. earnings multiple
  - ii. net asset value
  - iii. discounted cash flow
  - iv. applying BVCA valuation benchmarks.

- > At the balance sheet date, management assesses whether there is objective evidence that a financial asset or a group of financial assets should be revalued. The approach, which is within the principles of the BVCA guidelines, is to review and give a 'health' status:
  - > healthy: value held at cost unless sufficiently clear evidence to support an increase in valuation; company is performing to plan, unlikely to run out of cash within 12 months
  - > sick: value down according to the seriousness of a number of events considered by management; company is performing off-plan, may or may not be recoverable
  - > terminal: value down, company is performing off-plan, likely to run out of cash within six months, recovery not foreseen, no intervention planned.

Valuation of companies at this early stage of development is an inherently volatile and uncertain process. The valuation guidelines used are considered to be the best estimate of market value at the balance sheet date.

Loans to early-stage companies have the same valuation methodology applied as for investments in early-stage companies.

An estimated value of investments in early-stage funds is calculated as the Group's share of partnership net asset value as stated in the last audited financial statements of each investment fund. Contributions made by the Group in any period between the date of a fund's balance date and the Group's own for which there is no audited valuation, are valued at cost unless there is information to determine otherwise.

Transaction costs incurred by the Group and management support costs are not included in valuations and are charged to expenditure in the period in which they are incurred.

### III. Valuation – investment property

Physical investment property assets are revalued annually by an independent external property valuer. The investment property at 58 Victoria Embankment is owned by Nesta Trust. The proportion of this property that is leased to the group for use by Nesta is accounted for as a leasehold asset in the consolidated accounts. Investments in an investment property fund are valued at the market values, being the externally reported bid prices at the balance sheet date.

## 1. Accounting policies (continued)

### IV. Treatment – unquoted investments

Investments, loans or contributions to funds to date are recognised in full in the balance sheet. Undrawn commitments are disclosed by way of Note 20.

Unrealised changes in value between accounting periods are reflected in the consolidated statement of financial activities.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred with all risks and rewards of ownership.

#### k. Investment assets – programme-related investments

Unquoted equity and similar programme-related investments are held at cost, less any provision for diminution in value, as Nesta is unable to obtain a reliable estimate of fair value. Programme-related investments that are loans are accounted for at the outstanding amount of the loan less any provision for unrecoverable amounts. Any diminution or impairment in value is charged to the consolidated statement of financial activities under charitable activities.

Investments, loans or contributions to funds that have been contracted but not yet drawn down, and grant agreements not yet signed by Nesta by the balance sheet date, are shown as commitments in Note 19.

#### l. Investment assets – joint venture

Joint ventures are held at cost, less any provision for diminution in value, or uplift based on current available external information. Any change in value is charged to the statement of financial activities under charitable activities.

#### m. Investment assets – mixed motive

Mixed motive investments are held at cost, less any provision for diminution in value, with fair value being reviewed annually, and are contingent upon specific milestones being achieved. Any diminution or impairment in value is charged to the statement of financial activities as an investment impairment as a gain/ (loss) on investment.

#### n. Significant estimates

The preparation of financial statements requires management to make estimates and judgements that affect the reported amounts of assets and liabilities as well as the disclosure of contingent liabilities and the

carrying value of goodwill at the balance sheet date. Actual outcomes could differ from those estimates. This is especially the case of the valuation of the Group's investment in early-stage companies which is an inherently volatile and uncertain process. However, the valuation guidelines applied are considered to be the best estimate of market value.

An estimated value of unquoted investments in early-stage companies is established by using valuation guidelines produced by the BVCA. BVCA guidelines provide for investments to be carried at cost unless there is information indicating an impairment or sufficiently clear evidence to support an increase in valuation.

An external valuation exercise was performed to obtain an independent valuation of Behavioural Insights Limited as at 31 March 2024. The valuation was based on expected future cash flows in accordance with Financial Reporting Standards 102. The revenue growth rate assumed was between 5.5% and 10.2% year on year going forward, and the discount factor applied was 17.7%. A sensitivity analysis conducted using different cases and their relevant probabilities gave an overall weighted variance of 24.9% from the valuation concluded in the external report. Any diminution or impairment in value is charged to the statement of financial activities as an investment impairment as a gain/ (loss) on investment.

The investment property, 58 Victoria Embankment, was revalued at the year end by an independent qualified property valuer. 51.3% of 58 Victoria Embankment relates to investment property in the group accounts.

Investment assets are valued on an asset by asset basis.

Amortisation is calculated on a straight-line basis. As the useful life of goodwill cannot be reliably estimated, it is being written off over a period of 10 years as chosen by the trustees.

#### o. Debtors receivable, creditors, provisions and contingent liabilities

Debtors receivable are recognised at fair value less any provision for bad debt. A provision for bad debt is established when there is objective evidence that the debt will not be collected according to the original terms.

Creditors are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated.

## 1. Accounting policies (continued)

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Where there are significant obligations which do not meet the requirements for recognition as a provision set out in Section 21 'Provisions and Contingencies' of FRS 102 these are disclosed as a note to the accounts (see Note 19).

The Group recognises a provision for annual leave accrued by employees as a result of services rendered in the current period, and which employees are entitled to carry forward and use in the next financial year. The provision is measured at the salary cost payable for the period of absence.

### p. Pension costs

The Group operates defined contribution schemes. The amount charged to the consolidated statement of financial activities in respect of pension costs and other post-retirement benefits is the contributions payable in the year.

Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

### q. Taxation

Nesta and the Nesta Trust are charities within the meaning of Para 1 Schedule 6 Finance Act 2010. Accordingly they are potentially exempt from taxation in respect of income or capital gains within categories covered by Chapter 3 of Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

No tax charge arose in the period for Nesta and Nesta Trust.

The subsidiary companies, excluding BIT, make qualifying donations of all distributable taxable profit to Nesta. No corporation tax liability on these subsidiaries arises in the accounts.

Tax arises in the accounts of BIT, and is included within expenditure from trading activities in the statement of financial activities. Current tax, including UK corporate tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they were recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

## 1. Accounting policies (continued)

### r. Exchange gains and losses

The statutory financial statements are presented in pounds sterling, the functional and presentational currency. Foreign currency transactions are translated using the exchange rates prevailing at the date of settlement. Realised and unrealised exchange gains and losses are recognised in the consolidated statement of financial activities.

On consolidation of BIT, the results of overseas operations are translated into sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date.

### s. Operating leases

Leases where the lessor retains a significant portion of the risks and rewards of ownership are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated statement of financial activities on a straight-line basis over the period of the lease.

### t. Related party transactions

Transactions with related parties are disclosed in the notes to these financial statements. The Group's policy is for all trustees, non-trustee committee members, executive directors and senior direct reports to executive directors, to declare interests and related party transactions on appointment and at least annually. Declared interests are recorded in the Register of Interests and these are reviewed by the Audit and Risk Committee.

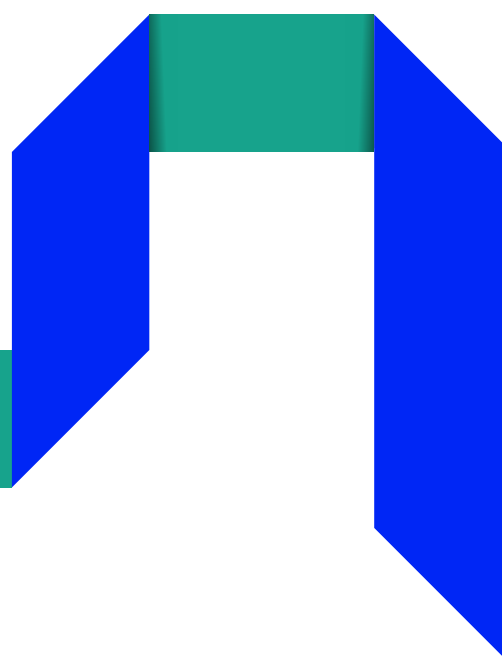
Transactions between all group undertakings (parent charity, subsidiaries, associates and joint ventures) are also disclosed in compliance with 23.4 of The Charities SORP (FRS 102).

### u. Financial instruments

The Group has only basic financial instruments. These comprise fixed asset investments measured at fair value through profit or loss along with other financial assets which comprise of cash, group debtors and other debtors and financial liabilities which comprise of trade creditors and other creditors, measured at amortised cost.

### v. Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits with banks. Cash held by investment managers is classified as investments as it is not immediately accessible.



## 2. Investment income

	Group 2024 £'000	Group 2023 £'000
<b>Quoted investments:</b>		
Interest and dividends receivable	3,600	5,232
<b>Total income from quoted investments</b>	<b>3,600</b>	<b>5,232</b>
<b>Unquoted investments:</b>		
Interest and dividends receivable	10,590	4,260
<b>Total income from unquoted investments</b>	<b>10,590</b>	<b>4,260</b>
<b>Bank interest</b>	<b>24</b>	<b>6</b>
<b>Total investment income</b>	<b>14,214</b>	<b>9,498</b>

Investment income above all relates to endowment funds for current and prior year.

## 3. Income from charitable activities

	Funding from government bodies	Funding from non-government bodies	Other charitable activity income	Group total	Funding from government bodies	Funding from non-government bodies	Other charitable activity income	Group total
	2024 £'000	2024 £'000	2024 £'000	2024 £'000	2023 £'000	2023 £'000	2023 £'000	2023 £'000
	Note 3a				Note 3a			
A fairer start	-	-	-	-	-	-	8	8
A healthy life	5	873	-	878	-	15	-	15
A sustainable future	(7)	-	-	(7)	9	-	-	9
Central Programmes and Devolved Nations	-	-	-	-	-	-	15	15
Committed Programme Delivery	10	60	381	451	(940)	73	239	(628)
Enterprises	5,163	138	3,714	9,015	2,802	3,228	2,729	8,759
Investments in furtherance of the charity's objectives	-	-	81	81	-	-	80	80
Practices	67	(30)	37	74	(7)	68	267	328
Other	(36)	2,559	263	2,786	42	629	176	847
<b>Total income from charitable activities</b>	<b>5,202</b>	<b>3,600</b>	<b>4,476</b>	<b>13,278</b>	<b>1,906</b>	<b>4,013</b>	<b>3,514</b>	<b>9,433</b>

Other charitable activity income includes income from charity consultancy services, monitoring and product sales.

Included in total charitable income of £13.3million (2023: £9.4million) is £3.6 million (2023: £1.5 million) unrestricted income and £9.6 million (2023: £7.9 million) restricted income.

### 3. Income from charitable activities (continued)

#### 3a. Restricted funding from government bodies

	Group 2024 £'000	Group 2023 £'000
Arts Council of England	35	(7)
British Council	-	25
Department for Business and Trade, DBT [previously Department for Business, Energy and Industrial Strategy (BEIS)]	875	75
Department for Digital Culture Media and Sport, DCMS	-	20
Department for Health and Social Care, DHSC	270	-
Department for Science, Innovation and Technology, DSIT	1,900	-
Government of Canada	-	429
Greater London Authority	-	(25)
Innovate UK, UKRI	187	2,290
Scottish Government	5	-
Surrey County Council	(7)	9
The Arts and Humanities Research Council, AHRC	10	-
UK Space Agency	1,542	-
United Kingdom Humanitarian Innovation Hub, UKHIH, Collective Crisis Intelligence	(35)	42
United States Agency for International Development, USAID	420	-
Wales Arts Health and Wellbeing Network	-	33
Welsh Government	-	(985)
<b>Total restricted funding from government bodies</b>	<b>5,202</b>	<b>1,906</b>

Prior year funding from government bodies included a £1.0 million repayment for a project, which was a reversal of income that had previously been reported. The corresponding expenditure can be seen in Note 7. The original project was scaled down with the onset of Covid-19 and was expected to restart again, but a decision was made to end the project. Also included was £0.03 million reversal for grants where the funding was not fully drawn down. There are no similar amounts in the current year.

### 4. Income from other trading activities

	Group 2024 £'000	Group 2023 £'000
Rental income	1,547	1,623
<i>Income from trading</i>		
Consultancy	875	491
Venue hire and other	-	2
Trading subsidiary income – Behavioural Insights Limited	22,339	24,522
<b>Total income from other trading activities</b>	<b>24,761</b>	<b>26,638</b>

Trading income above all relates to unrestricted funds for current and prior year.

## 5. Other income

	Group 2024 £'000	Group 2023 £'000
Impact fund management fees	117	205
Events and workshops fees	42	340
<b>Total other income</b>	<b>159</b>	<b>545</b>

Other income above all relates to unrestricted funds for current and prior year.

## 6. Expenditure on raising funds

### 6a. Trading activities

	Group 2024 £'000	Group 2023 £'000
Trading activities expenditure – subsidiaries	23,193	25,128
<b>Total trading activity expenditure</b>	<b>23,193</b>	<b>25,128</b>

Trading activities expenditure above all relates to unrestricted funds for current and prior year.

### 6b. Investment management costs

	Group 2024 £'000	Group 2023 £'000
Investment manager fees	403	800
Custodian fees	65	65
<b>Total investment management costs</b>	<b>468</b>	<b>865</b>

The investment management costs are the direct fees paid to intermediaries.

Investment management costs above all relates to unrestricted funds for current and prior year.

## 7. Expenditure on charitable activities

	Grant making	Non-grant direct cost	Allocated support costs	Group total	Grant making	Non-grant direct cost	Allocated support costs	Group total
	2024 £'000	2024 £'000	2024 £'000	2024 £'000	2023 £'000	2023 £'000	2023 £'000	2023 £'000
	Note 7b		Note 7a		Note 7b		Note 7a	
A fairer start	472	1,213	1,352	<b>3,037</b>	125	790	819	1,734
A healthy life	-	1,745	1,591	<b>3,336</b>	-	868	791	1,659
A sustainable future	2	1,440	1,339	<b>2,781</b>	1	1,672	1,072	2,745
Central Programmes and Devolved Nations	-	1,711	1,712	<b>3,423</b>	200	1,458	1,155	2,813
Committed Programme Delivery *	2,412	896	1,834	<b>5,142</b>	(608)	2,012	1,340	2,744
Enterprises	2,266	5,222	5,277	<b>12,765</b>	5,714	6,026	6,197	17,937
Investments **	-	3,678	2,552	<b>6,230</b>	-	(310)	587	277
Practices	20	2,680	2,652	<b>5,352</b>	12	2,862	2,150	5,024
<b>Total charitable activities</b>	<b>5,172</b>	<b>18,585</b>	<b>18,309</b>	<b>42,066</b>	<b>5,444</b>	<b>15,378</b>	<b>14,111</b>	<b>34,933</b>

\* Prior year grant expenditure for Committed Programme Delivery included a £1.0m decommitment for a project, and was a reversal of expenditure that had previously been reported (see corresponding income in Note 3a).

\*\* Prior year negative Investments expenditure related to upwards revaluations of investments held within Nesta Partners Limited.

Charitable expenditure of £40.9 million (2023: £34.9 million) includes £31.5 million (2023: £29.4 million) unrestricted expenditure, £8.9 million (2023: £5.0 million) restricted expenditure and £0.5 million (2023: £0.5 million) endowment expenditure.

### 7a. Support costs

Support costs have been allocated to charitable activity areas as follows:

	Support staff costs	Premises, technology and other costs	Governance	Group total	Support staff costs	Premises, technology and other costs	Governance	Group total
	2024 £'000	2024 £'000	2024 £'000	2024 £'000	2023 £'000	2023 £'000	2023 £'000	2023 £'000
A fairer start	650	659	43	<b>1,352</b>	478	309	32	819
A healthy life	865	682	44	<b>1,591</b>	467	293	31	791
A sustainable future	738	564	37	<b>1,339</b>	447	566	59	1,072
Central Programmes and Devolved Nations	999	669	44	<b>1,712</b>	536	560	59	1,155
Committed Programme Delivery	456	1,294	84	<b>1,834</b>	815	475	50	1,340
Enterprises	2,157	2,929	191	<b>5,277</b>	1,812	3,969	416	6,197
Investments	1,019	1,439	94	<b>2,552</b>	703	(105)	(11)	587
Practices	1,527	1,056	69	<b>2,652</b>	1,078	971	101	2,150
<b>Total support costs</b>	<b>8,411</b>	<b>9,292</b>	<b>606</b>	<b>18,309</b>	<b>6,336</b>	<b>7,038</b>	<b>737</b>	<b>14,111</b>

#### The basis for allocation of support costs and governance is as follows:

Support staff costs	Allocated based on headcount
Other support and governance costs	Allocated on the ratio of direct costs of each area

## 7. Expenditure on charitable activities (continued)

### 7b. Grants

Included in the cost of charitable activities are grants payable. Grants of £50,000 and above are detailed below. A full list of grants committed is available via Nesta's website.

Recipient	Grants to institutions 2024 £'000	External/Nesta funded	Programme
Barnardo's	1,600	External	Prism the Gift Fund
London School Of Economics And Political Science	271	External	Longitude Prize on Dementia
University Of Exeter	260	External	Prism the Gift Fund
National Art Collections Fund	260	External	Central Commissioning Fund - Early Years Museum Innovation (Art Fund partnership project)
Khulisa	203	External	Prism the Gift Fund
Rsa	106	External	Revealing Social Capital
Stripe Partners	100	External	Revealing Social Capital
Olive Ai Limited	80	External	Longitude Prize on Dementia
Care City CIC	80	External	Longitude Prize on Dementia
Memory Lane Games	80	External	Longitude Prize on Dementia
Circadian Lighting Ltd	80	External	Longitude Prize on Dementia
Western Sydney University	80	External	Longitude Prize on Dementia
Social Care Institute For Excellence	80	External	Longitude Prize on Dementia
Eargym Ltd	80	External	Longitude Prize on Dementia
Miicare	80	External	Longitude Prize on Dementia
Amicus Brain Innovations, Inc.	80	External	Longitude Prize on Dementia
Ulster University	80	External	Longitude Prize on Dementia
Associação Fraunhofer Portugal Research	80	External	Longitude Prize on Dementia
University Of Edinburgh	80	External	Longitude Prize on Dementia
Cardiff Metropolitan University	80	External	Longitude Prize on Dementia
Northumbria University	80	External	Longitude Prize on Dementia
Lucid Inc.	80	External	Longitude Prize on Dementia
Kite Toronto Rehabilitation Institute	80	External	Longitude Prize on Dementia
Animorph Co-Operative	80	External	Longitude Prize on Dementia
La Guapa Media	80	External	Longitude Prize on Dementia
Supersense Technologies Ltd	80	External	Longitude Prize on Dementia
Clairvoyant Networks, Inc.	80	External	Longitude Prize on Dementia
Khalifa University	80	External	Longitude Prize on Dementia
Skyjoy Ltd. (Formerly Chroma Lighting)	80	External	Longitude Prize on Dementia
Sheffield Hallam University	80	External	Longitude Prize on Dementia
Simon Care Management Corporation	80	External	Longitude Prize on Dementia
Neighbourly Lab Ltd	65	External	Revealing Social Capital
National Art Collections Fund	64	External	Central Commissioning Fund
University of Cambridge	56	External	Central Commissioning Fund - Playtime with Books Phase 2
University of Oxford	50	External	A fairer start
Grants below £50,000 (number of grants to institutions 50)	274		
Grants cancelled in the year	(57)		
<b>Total grants</b>	<b>5,172</b>		

There were no grants to individuals in the year.

## 7b. Grants 2023

Recipient	Grants to institutions 2023 £'000	External/Nesta funded	Programme
Green Industry Plast – Togo (Gip-Togo)	1,000	External	Afri-Plastics Challenge
Chanja Datti Ltd	750	External	Afri-Plastics Challenge
Chemolex	750	External	Afri-Plastics Challenge
Megagas Alternative Energy Enterprise	500	External	Afri-Plastics Challenge
Baus Taka Enterprise	251	External	Afri-Plastics Challenge
Ecococo Homecare	250	External	Afri-Plastics Challenge
Catherine Natang	250	External	Afri-Plastics Challenge
Ukwenza Vr	250	External	Afri-Plastics Challenge
A fairer start (Core)	125	Nesta Funded	A fairer start
Toto Safi	100	External	Afri-Plastics Challenge
Uganda Industrial Research Institute (Uiri)	80	External	Afri-Plastics Challenge
Ecococo Homecare	75	External	Afri-Plastics Challenge
Chemolex	75	External	Afri-Plastics Challenge
Lwanda Biotech Ltd	75	External	Afri-Plastics Challenge
She Eco Response	75	External	Afri-Plastics Challenge
Toto Safi	75	External	Afri-Plastics Challenge
Regenize	75	External	Afri-Plastics Challenge
Dercolbags Packaging Limited Company	75	External	Afri-Plastics Challenge
Well Of Science	75	External	Afri-Plastics Challenge
Naza Agape Foundation	75	External	Afri-Plastics Challenge
Sustainable Pioneers CIC	72	Nesta funded	HARP (Health, Arts, Research, People) Nesta Cymru
Baus Taka Enterprise	53	External	Afri-Plastics Challenge
Moonshot Dynamics	50	External	Afri-Plastics Challenge
Soapbox South Africa	50	External	Afri-Plastics Challenge
Vhembe Biosphere Reserve	50	External	Afri-Plastics Challenge
Leeds City Council	50	Nesta funded	AFS Commissioning Fund
Stockport Metropolitan Borough Council	50	Nesta funded	AFS Commissioning Fund
City Of York Council	50	Nesta funded	AFS Commissioning Fund
Lem Ketema	50	External	Afri-Plastics Challenge
Ukwenza Vr	50	External	Afri-Plastics Challenge
Eco Brixs	50	External	Afri-Plastics Challenge
Meeticks Africa	50	External	Afri-Plastics Challenge
Association Terangagée	50	External	Afri-Plastics Challenge
Catherine Natang	50	External	Afri-Plastics Challenge
Ensemble Artistique Et Culturel Wakat	50	External	Afri-Plastics Challenge
U-Recycle Initiative Africa	50	External	Afri-Plastics Challenge
Let's Do It Ghana	50	External	Afri-Plastics Challenge
Recycle Port Harcourt Limited	50	External	Afri-Plastics Challenge
Sustainable Pioneers CIC	50	Nesta funded	Devolved Nations (Scotland)
Grants below £50,000 (number of grants to institutions 46)	565		
Grants cancelled in the year	(1,077)		
<b>Total grants</b>	<b>5,444</b>		

## 7c. Auditor's fees

	Group 2024 £'000	Group 2023 £'000
External audit (RSM UK Audit LLP/ BDO LLP)	241	220
Internal audit (Grant Thornton)	34	91
Other assurance services	-	12
Tax advisory services (RSM UK Audit LLP/ BDO LLP)	33	112
<b>Total auditor fees</b>	<b>308</b>	<b>435</b>

External audit fees incurred for Nesta, the parent charity, were £64,255 (2023: £74,100) excluding VAT.

## 8. Employees for parent and group

### 8a. Staff costs

	Group 2024 £'000	Group 2023 £'000
Salaries and emoluments of directly employed staff	30,186	29,608
Social security costs	3,205	3,158
Pension costs	2,646	2,486
Agency/temporary staff costs	1,165	539
Other staff costs	647	99
<b>Total</b>	<b>37,849</b>	<b>35,890</b>

Included in directly employed staff costs above is £16.3 million (2023: £17.3 million) relating to Behavioural Insights Limited, a 100% owned trading subsidiary.

The increase in staff costs is due to a larger number of staff in higher salary bands, cost of living increase awarded, increase in seconded costs (£0.5 million) and increase in end of service costs (£0.5 million).

Ex-gratia payments totalling £0.2 million (2023: £0.2 million) were made in the year to other departing staff as part of compensation packages.

### 8b. Staff numbers

The following shows average headcount staff numbers during the year.

	Group 2024	Group 2023
A fairer start	14	14
A healthy life	18	14
A sustainable future	16	13
Central Programmes and Devolved Nations	21	16
Committed Programme Delivery	10	24
Enterprises	45	52
Investments	21	20
Practices	32	31
Support	95	85
Trading	222	241
<b>Total</b>	<b>494</b>	<b>510</b>

The average full-time equivalent for 2024 is 524 (2023: 500).

Behavioural Insights Limited accounts for 242 (2023: 244) of this full-time equivalent figure, and the 222 (2023: 241) Trading headcount above.

## 8. Employees for parent and Group (continued)

### 8c. Higher earners

The number of employees who earned remuneration (salaries, bonus and benefits in kind) of more than £60,000 in the year was as follows:

	Group 2024	Group 2023
£60,000 - £69,999	29	51
£70,000 - £79,999	35	52
£80,000 - £89,999	23	16
£90,000 - £99,999	7	22
£100,000 - £109,999	7	8
£110,000 - £119,999	6	7
£120,000 - £129,999	3	4
£130,000 - £139,999	2	1
£140,000 - £149,999	3	4
£150,000 - £159,999	1	3
£160,000 - £169,999	-	1
£170,000 - £179,999	1	-
£190,000 - £199,999	1	-
£210,000 - £219,999	-	1
£220,000 - £229,999	-	1
£280,000 - £289,999	1	-

Of staff with remuneration over £60,000, 119 (2023: 114) are members of the defined contribution pension scheme. Employer contributions to the scheme related to staff in these salary ranges during the year were £1.0 million (2023: £0.9 million).

Chief Executive Officer remuneration reflects a one-off bonus in light of new Group responsibilities.

### 8d. Key management personnel

The annual salaries (including benefits, termination payments and any bonuses) of the Executive Team as at 31 March 2024 totalled £1.6 million (2023: £1.1 million). The trustees and the Executive Team are considered to be key management personnel.

The Executive Team are entitled to the same flexible benefits and contributions to the pension scheme as all staff. Nesta offers a defined contribution pension scheme with the contribution from Nesta ranging from a minimum of 8% up to 12% of salary, depending on the level of contributions made by the employee. Employer pension contributions for the Executive Team amounted to £0.2 million (2023: £0.1 million) for the year. Employer National Insurance contributions were £0.2 million (2023: £0.1 million). Therefore the total remuneration for key management personnel was £1.9 million (2023: £1.4 million).

### 8e. Pensions

Nesta offers employees 8% up to 12% contribution, on a defined contribution basis, to a personal pension scheme or group stakeholder scheme. Nesta's total contributions made in respect of the year, for all schemes, totalled £1.7 million (2023: £1.5 million), including outstanding contributions of £0.2 million (2023: £0.2 million) at the Balance Sheet date.

Defined contribution pension schemes are operated by the BIT Group for employees (UK and overseas). The assets of the schemes are held separately from those of the BIT Group in independently administered funds. The pension charge represents contributions payable by the BIT Group to the funds and amounted to £0.3 million. Contributions amounting to £0.08 million were payable to the funds are included in creditors.

### 8f. Trustee remuneration

None of the trustees received remuneration for performance of their role as trustees during the year. Travel expenses of £nil (2023: £nil) were reimbursed during the year.

## 9. Intangible fixed assets

	Goodwill £'000
<b>Goodwill arising from new business combinations</b>	
Cost	
Opening & closing balance at 1 April 2023 and 31 March 2024	10,895
<b>Amortisation</b>	
Opening balance as at 1 April 2023	1,421
Amortisation for the year	1,090
Impairment for the year	2,179
<b>Closing balance as at 31 March 2024</b>	<b>4,690</b>
<b>Net book value 2024</b>	<b>6,205</b>
<b>Net book value 2023</b>	<b>9,474</b>

## 10. Tangible fixed assets

### Group fixed assets

	Leasehold property and improvements	Plant and machinery	Computer hardware	Computer software	Fixtures and fittings	Group total
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost</b>						
Opening balance	23,266	3,405	2,287	761	947	30,666
Additions	250	-	479	34	384	1,147
Disposals	(23)	-	(19)	(4)	(28)	(74)
	<b>23,493</b>	<b>3,405</b>	<b>2,747</b>	<b>791</b>	<b>1,303</b>	<b>31,739</b>
<b>Depreciation</b>						
Opening balance	1,117	1,661	1,636	480	636	5,530
Charge for the year	212	238	437	105	139	1,131
Disposals	(23)	-	(13)	(2)	(14)	(52)
	<b>1,306</b>	<b>1,899</b>	<b>2,060</b>	<b>583</b>	<b>761</b>	<b>6,609</b>
<b>Net book value 2024</b>	<b>22,187</b>	<b>1,506</b>	<b>687</b>	<b>208</b>	<b>542</b>	<b>25,130</b>
<b>Net book value 2023</b>	<b>22,149</b>	<b>1,744</b>	<b>651</b>	<b>281</b>	<b>311</b>	<b>25,136</b>

### Parent charity fixed assets

	Computer hardware	Computer software	Fixtures and fittings	Parent charity total
	£'000	£'000	£'000	£'000
<b>Cost</b>				
Opening balance	1,745	456	839	3,040
Additions	371	34	242	647
	<b>2,116</b>	<b>490</b>	<b>1,081</b>	<b>3,687</b>
<b>Depreciation</b>				
Opening balance	1,282	303	567	2,152
Charge for the year	343	63	104	510
	<b>1,625</b>	<b>366</b>	<b>671</b>	<b>2,662</b>
<b>Net book value 2024</b>	<b>491</b>	<b>124</b>	<b>410</b>	<b>1,025</b>
<b>Net book value 2023</b>	<b>463</b>	<b>153</b>	<b>272</b>	<b>888</b>

## 11. Investments – Group

Category		Market/fair value at 1 April 2023	Additions at cost	Maturities, proceeds and disposals at market value	Net gains and losses	Group total market/fair value at 31 March 2024
		£'000	£'000	£'000	£'000	£'000
<b>Equities and private equity</b>						
Global Equities	Quoted	135,214	-	(30,190)	18,749	123,773
UK Small Cap	Quoted	32,351	5,095	(5,085)	1,371	33,732
Emerging Markets	Quoted	26,592	-	-	(96)	26,496
Infrastructure Equity	Unquoted	19,684	3,291	-	(1,294)	21,681
Private equity funds	Unquoted	3,860	70	(1,051)	(169)	2,710
<b>Total equities and private equity</b>		<b>217,701</b>	<b>8,456</b>	<b>(36,326)</b>	<b>18,561</b>	<b>208,392</b>
<b>Fixed income and property</b>						
Multi-Asset Credit	Unquoted	62,733	3	-	3,218	65,954
Asset-Backed Securities	Unquoted	43,047	7	-	1,713	44,767
Private Debt (Corporate)	Unquoted	2,872	7,774	(248)	(231)	10,167
Private Debt (Infrastructure)	Unquoted	8,639	10,543	(1,524)	(133)	17,525
Property	Property	40,290	-	(12)	(5,101)	35,177
Bonds	Quoted	23	-	-	-	23
<b>Total fixed income and property</b>		<b>157,604</b>	<b>18,327</b>	<b>(1,784)</b>	<b>(534)</b>	<b>173,613</b>
<b>Mixed motive investments</b>						
Investment in early stage companies	Unquoted	13,558	52	-	2,981	16,591
Investment in early stage funds	Unquoted	1,529	-	(1)	(950)	578
<b>Total mixed motive investments</b>		<b>15,087</b>	<b>52</b>	<b>(1)</b>	<b>2,031</b>	<b>17,169</b>
<b>Other investments</b>	Unquoted	40	-	-	-	40
<b>Total investments</b>		<b>390,432</b>	<b>26,835</b>	<b>(38,111)</b>	<b>20,058</b>	<b>399,214</b>

Quoted investments are held at market value, unquoted investments and the investment property are at fair value.

As at 31 March 2024, total cash and investment assets held by The Nesta Trust totalled £426 million (2023: £424 million). Refer also to the Investment Review on pages 21 and 22 of this report for more detail of the investments.

The above table has been adjusted for consolidation in relation to the investment property; 51.3% of the property represents investment property to the Group. The remaining 48.7% is used by the Group and included within leasehold property and improvements in Note 10.

The valuation of the investment property (58 Victoria Embankment) is £44.8 million (2023: £53.0 million). The valuation is reviewed at each year end by an independent qualified property valuer, Gareth Hosgood (MRICS). Property above also includes a fund with a market value of £12.2 million at the year end (2023: £13.1 million).

## 11. Investments – Group (continued)

Investment assets consist of the following

	Market/fair value at 31 March 2024 £'000	Market/fair value at 31 March 2023 £'000	Percentage of 2024 portfolio %	Percentage of 2023 portfolio %
Equities and private equity	208,392	217,701	52%	56%
Fixed income and property	173,613	157,604	44%	40%
Mixed motive investments	17,169	15,087	4%	4%
Other investments	40	40	0%	0%
	<b>399,214</b>	<b>390,432</b>	<b>100%</b>	<b>100%</b>

Total gains and losses on investment assets above impacting the consolidated statement of financial activities are summarised as follows:

	Group total loss March 2024 £'000	Group total gain March 2023 £'000
Quoted investments	20,024	(13,730)
Unquoted investments	36	(10,143)
	<b>20,060</b>	<b>(23,873)</b>

## 12. Programme-related and mixed motive investments – Group and charity

### 12a. Programme-related investments – Group and charity

	Group total value 1 April 2023 £'000	Additions £'000	Disposals £'000	Revaluations £'000	Group total value 31 March 2024 £'000
<i>Investment type</i>					
Equity	19,233	3,529	(152)	(1,128)	21,482
Unsecured loans	6,832	2,772	(705)	(533)	8,366
	<b>26,065</b>	<b>6,301</b>	<b>(857)</b>	<b>(1,661)</b>	<b>29,848</b>

	Parent charity total value 1 April 2023 £'000	Additions £'000	Disposals £'000	Revaluations £'000	Parent charity total value 31 March 2024 £'000
<i>Investment type</i>					
Equity	914	-	-	(125)	789
Unsecured loans	20,784	5,238	(183)	(1,212)	24,627
	<b>21,698</b>	<b>5,238</b>	<b>(183)</b>	<b>(1,337)</b>	<b>25,416</b>

## 12. Programme-related and mixed motive investments – Group and charity (continued)

### 12b. Programme-related investments in joint venture – Group and charity

Organisation name	Country of registration	Class of ownership	Joint venture interest	Year end date	Nature of business	Group share of net assets 2024 £'000	Group share of net assets 2023 £'000
FFN JV Limited	UK	Preference	45%	31-Dec	Investing in technology start-ups	-	-
Share of net assets of joint venture						879	586
Goodwill on acquisition of joint venture						1,873	1,210
						<b>2,752</b>	<b>1,796</b>

	Group share of loss in joint venture 2024 £'000	Group share of loss in joint venture 2023 £'000
Share of loss of FFN JV Limited	(341)	(640)
Amortisation of goodwill on acquisition of FFN JV Limited	(204)	(64)
<b>Share of loss in joint venture</b>	<b>(545)</b>	<b>(704)</b>

	Parent charity total value 1 April 2023 £'000	Additions £'000	Revaluations £'000	Parent charity total value 31 March 2024 £'000
Equity	2,500	1,500	(3,121)	879
<b>Total</b>	<b>2,500</b>	<b>1,500</b>	<b>(3,121)</b>	<b>879</b>

The joint venture above of £4 million relates to an investment in FFN JV Limited for a 50% controlling interest.

### 12c. Mixed motive investments

	Parent charity total value 1 April 2023 £'000	Additions £'000	Revaluations £'000	Parent charity total value 31 March 2024 £'000
Equity	21,929	-	(4,451)	17,478
<b>Total</b>	<b>21,929</b>		<b>(4,451)</b>	<b>17,478</b>

The mixed motive investment above relates to 100% subsidiary Behavioural Insights Limited ("BIT").

Included above is a provision for impairment of £4.4 million (2023: £nil), bringing the carried forward value to £17.5 million as per an independent valuation carried out for 31 March 2024.

The value of Nesta's investment in BIT has been written down due to several factors that have tempered our initial expectations for the business. These include significant staff turnover in the UK team following the acquisition by Nesta, which has led to operating inefficiencies and slower-than-anticipated implementation of strategic growth initiatives. Furthermore, challenges in the broader economic environment and a short term downturn in the US, have affected client budgets and decision-making and impacted growth momentum.

Despite these setbacks, the Trustees are confident Nesta's investment will strengthen as adaptations are made to these challenges, and we are already seeing above forecast performance since the year end.

### 13. Debtors

	Group 2024 £'000	Parent 2024 £'000	Group 2023 £'000	Parent 2023 £'000
<i>Amounts falling due within one year:</i>				
Trade debtors	4,414	970	5,541	873
Amounts due from subsidiary undertakings	-	737	-	963
Accrued income	10,950	11,602	7,244	8,024
Prepayments	4,392	1,478	6,309	1,863
Other debtors	631	105	527	-
Deferred tax asset*	907	-	625	-
<b>Total debtors falling due within one year</b>	<b>21,294</b>	<b>14,892</b>	<b>20,246</b>	<b>11,723</b>
<i>Amounts falling due after more than one year:</i>				
Accrued income	860	860	23	23
<b>Total debtors falling due after more than one year</b>	<b>860</b>	<b>860</b>	<b>23</b>	<b>23</b>
<b>Total debtors</b>	<b>22,154</b>	<b>15,752</b>	<b>20,269</b>	<b>11,746</b>

\* Deferred tax asset above arises in Behavioural Insights Limited, a trading subsidiary. The deferred tax asset was recognised in respect of unused tax losses that are available for offset against future taxable profits of the subsidiary in which the losses arose and short-term timing differences arising on remuneration and other trading activity.

## 14. Creditors

	Group 2024 £'000	Parent 2024 £'000	Group 2023 £'000	Parent 2023 £'000
<i>Amounts falling due within one year:</i>				
Trade creditors	1,051	624	1,878	1,391
Amounts due to subsidiary undertakings	-	2	-	28
Accruals	3,008	4,742	3,369	5,244
Deferred income	4,814	1,537	6,223	919
Grant creditors	2,234	2,696	44	838
Other tax and social security	1,672	1,129	1,865	1,297
Other creditors	873	622	189	214
<b>Total creditors falling due within one year</b>	<b>13,652</b>	<b>11,352</b>	<b>13,568</b>	<b>9,931</b>
<i>Amounts falling due after more than one year:</i>				
Grant creditors	1,053	1,053	451	451
Other payables, including loans*	9,050	-	7,363	-
Accruals	18	-	76	-
Provisions for liabilities	125	-	68	-
<b>Total creditors falling due after more than one year</b>	<b>10,246</b>	<b>1,053</b>	<b>7,958</b>	<b>451</b>
<b>Total creditors</b>	<b>23,898</b>	<b>12,405</b>	<b>21,526</b>	<b>10,382</b>

\*Included within "Amounts falling due after more than one year, other payables including loans" above is £0.6m relating to a loan in a subsidiary which is shown as short term in the Figerative Arts Impact LLP ("Nesta Arts Impact LLP" at year end) accounts, as this was extended in April 2024.

	Group 2024 £'000	Parent 2024 £'000	Group 2023 £'000	Parent 2023 £'000
<i>Analysis of deferred income</i>				
At 1 April	6,223	919	4,202	841
Prior year deferred income released during the year	(6,223)	(919)	(4,202)	(841)
Income deferred in the year	4,814	1,537	6,223	919
<b>At 31 March</b>	<b>4,814</b>	<b>1,537</b>	<b>6,223</b>	<b>919</b>

Deferred income relates to income received in advance for unrestricted projects, restricted projects and property income.

Nesta leads a consortium of UK-wide universities via the Creative Industries Policy and Evidence Centre (PEC). The PEC aims to provide independent research and authoritative recommendations that will aid the development of policies for the UK's creative industries, contributing to their continued success. The PEC is part of the Creative Industries Clusters Programme led by the Arts and Humanities Research Council (AHRC) and funded through the Industrial Strategy Challenge Fund. During the year, Nesta administered £160k (2023: £892k) of income and expenditure on behalf of PEC which is not recognised within Nesta's statement of financial activities due to Nesta handling these funds as an agent. As at the balance sheet date, Nesta held funds totalling £nil (2023: £3k) on behalf of the consortium which is included within restricted deferred income.

## 15. Subsidiaries

Organisation name	Country of registration and registered charity/company number	Class of ownership	Parent interest	Nature of business
The Nesta Trust	United Kingdom charity number 1144683	Sole corporate Trustee		A charitable trust that holds investment assets
Nesta Enterprises Limited	United Kingdom company number 08580327	Ordinary	100%	A charitable trading company
Nesta GP Limited	United Kingdom company number 08231985	Ordinary	100%	General partner in the Nesta Impact Investments 1 Limited Partnership Fund
Nesta PRI Limited	United Kingdom company number 08232090	Ordinary	100%	Limited partner in the Nesta Impact Investments 1 Limited Partnership Fund
Cultural Impact Development Loans Limited	United Kingdom company number 11388464	Ordinary	100%	Financial support for arts organisations
Nesta Partners Limited	United Kingdom company number 06618114	Ordinary	100%	Partner in Nesta Investment Management LLP and Nesta Arts Impact LLP
Arts & Culture Finance	United Kingdom company number 14818670	Ordinary	100%	Financial support for arts organisations
Arts & Culture Finance Partners Limited	United Kingdom Company number 14985355	Ordinary	100%	(Dormant) Financial support for arts and culture organisations
Nesta Challenges	United Kingdom Company number 14045038	Ordinary	100%	(Dormant) Designs and creates challenge prizes to help solve the world's biggest problems
NII GP2 Limited	United Kingdom company number 10710378	Ordinary	100%	(Dormant) General partner
Nesta Investment Management LLP	United Kingdom company number OC338038	Limited Liability Partnership	100%	Investment manager funds
Nesta Arts Impact LLP	United Kingdom company number OC396102	Limited Liability Partnership	100%	Financial support for arts organisations
Nesta Arts & Culture Impact LLP	United Kingdom company number OC423779	Limited Liability Partnership	100%	Financial support for arts and culture organisations
NII2 Special Partner LLP	United Kingdom company number OC416761	Limited Liability Partnership	100%	(Dormant) Special partner
Nesta US Inc	United States	Sole member	100%	To engage in charitable and educational activities within the meaning of Section 501 (c)(3) of the Internal Revenue Code 1986
Behavioural Insights Limited	United Kingdom company number 08567792	Ordinary	100%	A social purpose consultancy company

### Subsidiaries of Behavioural Insights Limited:

Subsidiaries	Country of incorporation	Type of shares held	Proportion held (%)	Nature of business
Behavioural Insights Trustee Company Ltd	United Kingdom	Ordinary	100	Employee benefits
Behavioural Insights (US) Inc.	United States of America	Ordinary	100	Consultancy
Behavioural Insights (Singapore) Pte Ltd	Singapore	Ordinary	100	Consultancy
Behavioural Insights (Australia) Pty Ltd	Australia	Ordinary	100	Consultancy
Behavioural Insights (Canada) Ltd	Canada	Ordinary	100	Consultancy
Behavioural Insights (France) SAS	France	Ordinary	100	Consultancy
System 2 Ltd	Australia	N/A	N/A	Charity

All of the above entities have a year end date of 31 March.

## 15. Subsidiaries (continued)

The results of the subsidiary entities consolidated are as follows:

	The Nesta Trust	Nesta Enterprises Limited	Nesta GP Limited	Nesta PRI Limited	Cultural Impact Development Loans Limited	Nesta Partners Limited	Behavioural Insights Limited and subsidiaries	#REFI	Nesta Challenges	Nesta Investment Management LLP	Nesta Arts Impact LLP	Nesta Arts & Culture Impact LLP	Nesta US Inc	2024 total	2023 total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Profit and Loss for the year ended 31 March 2024</b>															
Income	16,359	3	117	-	28	42	23,147	2	891	561	172	195	-	41,517	38,950
Expenditure	(30,334)	(14)	(117)	-	(20)	(42)	(24,216)	-	(891)	(105)	(76)	(459)	-	(56,274)	(53,274)
Other gains/(losses)	16,041	-	-	(665)	(37)	(868)	(63)	-	-	(511)	(268)	-	-	13,629	(26,169)
Partner share/(loss)/ profit for the year	2,066	(11)	-	(665)	(29)	(868)	(1,132)	2	-	(55)	(172)	(264)	-	(1,128)	(40,493)
Assets	429,394	55	79	901	302	21,242	12,027	121	55	215	2,229	5,763	-	472,383	468,733
Liabilities	(1,108)	(66)	(100)	(4,195)	(525)	(18,785)	(6,052)	(119)	(55)	(38)	(3,143)	(7,035)	-	(41,221)	(36,422)
Net assets/(liabilities)	428,286	(11)	(21)	(3,294)	(223)	2,457	5,975	2	-	177	(914)	(1,272)	-	431,162	432,311
Opening net reserves/(liabilities)	426,220		(21)	(2,629)	(194)	3,325	7,107			232	(742)	(1,008)		432,290	472,804
Closing net reserves/(liabilities)	428,286	(11)	(21)	(3,294)	(223)	2,457	5,975	2		177	(914)	(1,272)		431,162	432,311

Entities with negative balances have continued support which is approved by the relevant Board committee. No intercompany amounts were written off in the year, and certain letters of support were given in respect of these transactions, none of which are repayable within 15 months.

## 16. Funds

### 16a. Unrestricted and endowment funds

	General funds £'000	Funds retained within non charitable joint ventures £'000	Endowment funds £'000	Total £'000
Balance at 1 April 2023	51,640	(958)	408,548	<b>459,230</b>
Net (expenditure)/income before investment gains	(27,709)	-	13,687	<b>(14,022)</b>
Unrealised gains on investments	-	-	20,058	<b>20,058</b>
Share of operating loss in joint venture FFN JV Limited	-	(545)	-	<b>(545)</b>
Transfers to restricted funds*	(1,356)	-	-	<b>(1,356)</b>
Transfers from endowment to general funds**	29,639	-	(29,639)	-
Foreign exchange gains	(65)	-	-	<b>(65)</b>
<b>Balance at 31 March 2024</b>	<b>52,149</b>	<b>(1,503)</b>	<b>412,654</b>	<b>463,300</b>

\* Where Nesta provides match-funding or programme support on projects, total expenditure is shown in the restricted fund and a transfer from the general fund to the restricted fund is made to account for Nesta's share of expenditure.

\*\* The expendable endowment fund relates to the funds of the Trust. These funds are held without distinction as to capital and income and can be applied in furtherance of the objects of the Trust. The Trust makes an annual transfer to Nesta to deliver its charitable aims as detailed in the reserves policy.

## 16. Funds (continued) – 16b. Restricted funds

Funder	Programme	Balance 1 April 2023 £'000	Income £'000	Expenditure £'000	Transfer from/ (to) general fund £'000	Balance 31 March 2024 £'000
Alzheimer's Society	Longitude Prize on Dementia	4,340	351	(2,584)	393	2,500
CERN - European Organisation for Nuclear Research	Attract Next	81	-	(51)	(3)	27
Department for Business & Trade	Smart Data - Full Prize	-	800	(312)	292	780
Department for Science, Innovation and Technology	Manchester Prize	-	1,900	(128)	128	1,900
Dream Oval Foundation	DreamOval Foundation - GSTEP	-	141	(98)	-	43
Economic and Social Research Council (ESRC)	ESRC Net Zero Productivity	122	-	(56)	(21)	45
Elrha	UKHIH 2.0 Scaling up	-	66	(48)	(8)	10
European Climate Foundation	ECF: Energy Sector and NZ Acceptability	-	300	(30)	-	270
European Commission	TalTech Twinning	66	(30)	(28)	(7)	1
European Commission	Impetus	239	-	(69)	(17)	153
European Commission	HACID	357	-	(78)	(20)	259
European Commission	Pro-Ethics	79	-	(45)	(3)	31
European Commission	EURITO	73	-	-	-	73
Government of Canada	Afri-Plastics Challenge	594	-	(77)	(17)	500
Gulbenkian (UK Branch)	Gulbenkian TSR roll out	-	60	(7)	(31)	22
Innovate UK	Innovation Growth Lab	341	147	(600)	374	262
Innovate UK	Longitude	5,000	-	(238)	238	5,000
Nuffield Foundation	Revealing Social Capital	-	488	(475)	-	13
Prism the Gift Fund	The Ending Youth Violence Lab	-	2,281	(2,283)	2	-
UK Research and Innovation (UKRI)	UKRI Open Access Block Grant	4	32	(325)	325	36
UK Space Agency	UKSA - Aqua Lunar Water Challenge	-	1,542	(155)	(61)	1,326
University College London	CAPE - Capabilities in Academic Policy Engagement	76	-	(16)	-	60
University of Helsinki	Nordforsk COLDIGIT	53	-	(52)	(1)	-
University of Oxford	Salient Food Trials - Co-design phase	-	50	(39)	(11)	-
University of Oxford	Salient food trials - delivery phase	-	838	(270)	(10)	558
USAID	Mombasa Plastics Prize	117	(3)	(134)	20	-
USAID	Mombasa Plastics Prize Phase II	-	423	(201)	(80)	142
Welsh European Funding Office	Y Lab - WEFO Skills and Capacity Building	572	-	(67)	-	505
The Arts and Humanities Research Council (AHRC)	Policy and Evidence Centre - Core	194	163	(352)	(6)	-
<b>All values &lt; £50k</b>		<b>185</b>	<b>80</b>	<b>(104)</b>	<b>(120)</b>	<b>41</b>
		<b>12,493</b>	<b>9,629</b>	<b>(8,922)</b>	<b>1,356</b>	<b>14,556</b>

Negative income and positive expenditure above relates to variations of grant income that was previously recorded which reduced the original grant value, and reversal of balances that have not been drawn down.

In many cases, restricted income is received for programmes for which there is part or match-funding by Nesta (either in cash or in kind). The expenditure shown as restricted is the total expenditure of the programme funded by both Nesta and the external donor. A transfer from the general fund represents the portion of the programme funded by Nesta. A transfer to the general fund represents the portion of funding that Nesta is able to retain to cover overheads.

## 17. Analysis of net assets between funds

	Unrestricted funds 2024 £'000	Restricted funds 2024 £'000	Expendable endowment 2024 £'000	Group total funds 2024 £'000
<b>Fund balances are represented by:</b>				
Intangible assets	6,205	-	-	6,205
Tangible fixed assets	1,437	-	23,693	25,130
Investment assets	32,600	-	399,214	431,814
Current and long-term assets	24,049	14,556	-	38,605
Current and long-term liabilities	(12,926)	-	(10,972)	(23,898)
<b>Total</b>	<b>51,365</b>	<b>14,556</b>	<b>411,935</b>	<b>477,856</b>

	Unrestricted funds 2023 £'000	Restricted funds 2023 £'000	Expendable endowment 2023 £'000	Group total funds 2023 £'000
<b>Fund balances are represented by:</b>				
Intangible assets	9,474	-	-	9,474
Tangible fixed assets	1,244	-	23,892	25,136
Investment assets	27,861	-	390,432	418,293
Current and long-term assets	27,850	12,496	-	40,346
Current and long-term liabilities	(15,747)	(3)	(5,776)	(21,526)
<b>Total</b>	<b>50,682</b>	<b>12,493</b>	<b>408,548</b>	<b>471,723</b>

## 18. Summary consolidated income and expenditure account for the year ended 31 March

The summary income and expenditure account is presented in order to ensure compliance with the Companies Act 2006.

The major difference in the figures presented from those in the consolidated statement of financial activities is that unrealised gains and losses on investment assets are not recognised.

	Group 2024 £'000	Group 2023 £'000
<b>Gross income:</b>		
Income	16,221	10,855
Income of non-charitable subsidiaries	22,343	26,031
	<b>38,564</b>	<b>36,886</b>
	<b>38,564</b>	<b>36,886</b>
<b>Gross expenditure:</b>		
Expenditure	32,989	30,392
Depreciation of fixed assets	1,131	1,029
Amortisation of intangible assets	1,090	1,089
	<b>35,210</b>	<b>32,510</b>
Share of (loss) in joint ventures	(545)	(704)
Foreign exchange gains	(65)	111
<b>Net income for the year</b>	<b>2,746</b>	<b>3,783</b>

Reconciliation to consolidated statement of financial activities		
Net income for the year	2,746	3,783
Movement on endowment funds	3,387	(43,070)
<b>Net income/ (expenditure)</b>	<b>6,133</b>	<b>(39,287)</b>

## 19. Commitments

Investments, loans or contributions to funds that have been contracted but not yet drawn down, and grant agreements not yet signed by Nesta by the balance sheet date, are shown as commitments below.

	Parent charity and Group total at 1 April 2023 £'000	Additions £'000	De-committed £'000	Contracted £'000	Parent charity and Group total at 31 March 2024 £'000	Funded from
<b>Investments, loans, contributions to funds:</b>						
Private equity secondaries	48,395	-	-	(19,729)	28,666	Endowment fund
Programme-related investments	6,055	-	-	(923)	5,132	General fund
<b>Total</b>	<b>54,450</b>			<b>(20,652)</b>	<b>33,798</b>	

Commitments will be primarily funded by the liquidation of equity investments.

## 20. Operating lease commitments

At 31 March 2024 the Group was committed to total payments during the next year in respect of operating leases which are due within the following periods.

	Group 2024 £'000	Group 2023 £'000
Due within one year	321	626
Due within two to five years	1,410	297
Due in more than five years	-	1
<b>Total</b>	<b>1,731</b>	<b>924</b>

At 31 March 2024 the Nesta parent charity had entered into agreements with organisations to lease part of 58 Victoria Embankment. The rental payments due to the parent charity are:

	Parent 2024 £'000	Parent 2023 £'000
<b>Buildings – 58 Victoria Embankment</b>		
Due within one year	1,517	439
Due within two to five years	4,449	1,142
Due in more than five years	1,163	-
<b>Total</b>	<b>7,129</b>	<b>1,581</b>

## 21. Related party transactions

The Nesta Trust ('the Trust') was established by a Trust Deed dated 22 September 2011. The Trust holds investment assets previously held by the NESTA which was abolished on 1 April 2012. The assets of the Trust provide income and capital to be applied by Nesta as sole Trustee to further the objects of the Trust. As the sole Trustee of the Trust, Nesta is considered to control the Trust which operationally means Nesta is responsible for the Trust's investment policy.

The Trust is a registered charitable trust which is classified by the Office of National Statistics as within the public sector boundary. Nesta has had transactions with government departments and bodies during the year as part of its ordinary course of business. As the Trust is not involved in the operational decisions of Nesta, any transactions between government departments/bodies and Nesta are not considered to be related party transactions.

The related party transactions that require disclosure between Nesta and its related companies are as follows:

Entity	Connection	Opening net debtor/ (creditor) £'000	Receivable/ (payable) by charity £'000	Cash paid by/ (received by) charity £'000	Closing net (creditor)/ debtor £'000	Notes
The Nesta Trust	Subsidiary undertaking	-	(3,368,674)	3,368,674	-	Nesta recharged the Trust for salary costs totalling £112,692 (2023: £122,220). Nesta charged Nesta Trust £8,339,446 (2023: £7,108,343) in relation to PRI Investments. Nesta refunded Nesta Trust £184,377 (2023: £1,876,42) in relation to PRI Investments. Nesta Trust has transferred £21,300,000 (2023: £20,000,000) to its Trustee Nesta in support of its charitable objects. Nesta Trust charged Nesta £2,505,535 (2023: £2,505,535) for rental of 58 Victoria Embankment.
Nesta Enterprises Limited	Subsidiary undertaking	133,063	54,710	(134,282)	53,491	Nesta Enterprises Limited was recharged £45,075 (2023: £192,298) by Nesta for funds spent on their behalf, and gift aided its profits to Nesta in prior year of £197,350.
Nesta Arts Impact LLP	Subsidiary undertaking	6,052	26,790	(25,969)	6,873	Nesta charged Nesta Arts Impact LLP loan interest totalling £18,049 (2023: £20,634). Nesta charged Nesta Arts Impact LLP management fees totalling £28,144 (2023: £32,275).
Cultural Impact Development Loans Limited	Subsidiary undertaking	8,182	26,887	(29,675)	5,394	Nesta charged Cultural Impact Development Loans Limited management fees totalling £9,603 (2023: £60,618).
Nesta Arts & Culture Impact LLP	Subsidiary undertaking	(6,791)	(38,887)	43,216	(2,462)	Nesta charged Nesta Arts & Culture Impact LLP loan interest totalling £10,496 (2023: £nil).
Nesta Investment Management LLP	Subsidiary undertaking	77,507	49,101	-	126,608	Nesta received distributions from Nesta Investment Management LLP of £111,145 (2023: £390,184) for prior year profit and an interim distributions of £400,000 (2023: £450,000) against this year's profit.
Nesta Partners Limited	Subsidiary undertaking	(5,354)	9,005	6,437	10,088	Nesta Partners Limited gift aided its profits to Nesta of £42,250 (2023: £41,147).
Behavioural Insights Limited	Subsidiary undertaking	722,726	210,477	(623,885)	309,318	Behavioural Insights Limited received income from Nesta for staff secondments of £475,907 (2023: £486,527), and other fees totalling £411,349 (2023: £529,253), and paid Nesta £613,999 (2023: £152,467) for recharges and consultancy services. Behavioural Insights Limited is part of the Nesta VAT group and at 31 March 2024 owed Nesta £407,055 (2023: £625,208) relating to this. Behavioural Insights Limited paid rent and service charge to Nesta of £466,551 (2023: £91,733).
Nesta Challenges	Subsidiary undertaking	-	280,016	(236,535)	43,481	Nesta Challenges gift aided its profits to Nesta of £600,144 (2023: £nil).

Nesta's trustees are drawn from among its key stakeholders, and staff may at times have links to stakeholder organisations and therefore it is in the nature of Nesta's business to have some transactions which are classified as related. All transactions are entered into the ordinary course of business and on an arm's length basis, consistent with Nesta's policy on potential conflicts of interest.

Ex-gratia payments totalling £0.3 million (2023: £0.2 million) were made in the year to other departing staff as part of compensation packages.

## 22. Post balance sheet events

Following the year end, on 1 August 2024, Nesta Arts Impact LLP, Nesta Arts & Culture Impact LLP, Arts & Culture Finance and Arts & Culture Finance Partners Limited ceased to be Nesta entities and moved to new ownership. From this point, they were no longer part of the Nesta Group. This will result in a disposal of £6.1m investments in the consolidated accounts for the year ended 31 March 2025.

## 23. Comparative consolidated statement of financial activities

	Unrestricted funds 2023 £'000	Restricted funds 2023 £'000	Expendable endowment 2023 £'000	Total funds 2023 £'000
<b>Income and endowments from:</b>				
Investment income	271	-	9,227	9,498
Charitable activities	1,496	7,937	-	9,433
Other trading activities	26,638	-	-	26,638
Other income	545	-	-	545
<b>Total income</b>	<b>28,950</b>	<b>7,937</b>	<b>9,227</b>	<b>46,114</b>
<b>Expenditure on:</b>				
<b>Raising funds</b>				
Trading activities	25,128	-	-	25,128
Investment management costs	85	-	780	865
<b>Total expenditure on raising funds</b>	<b>25,213</b>	<b>-</b>	<b>780</b>	<b>25,993</b>
<b>Charitable activities</b>				
A fairer start	1,708	-	26	1,734
A healthy life	283	1,351	25	1,659
A sustainable future	1,161	1,543	41	2,745
Central Programmes and Devolved Nations	2,770	-	43	2,813
Committed Programme Delivery	3,886	(1,183)	41	2,744
Enterprises	14,904	2,762	271	17,937
Investments in furtherance of the charity's objectives	273	-	4	277
Practices	4,444	503	77	5,024
<b>Total expenditure on charitable activities</b>	<b>29,429</b>	<b>4,976</b>	<b>528</b>	<b>34,933</b>
<b>Total expenditure</b>	<b>54,642</b>	<b>4,976</b>	<b>1,308</b>	<b>60,926</b>
Net (expenditure)/income before investment gains	(25,692)	2,961	7,919	(14,812)
Net (losses) on Investments for financial return	-	-	(23,873)	(23,873)
Net (expenditure)/income	(25,692)	2,961	(15,954)	(38,685)
Share of (losses) in joint venture	(704)	-	-	(704)
Transfers between funds	34,381	(7,274)	(27,107)	-
Net income/(expenditure) before other recognised gains/(losses)	7,985	(4,313)	(43,061)	(39,389)
Other recognised gains				
Foreign exchange gains/ (losses)	111	-	(9)	102
Net movement in funds for the year	8,096	(4,313)	(43,070)	(39,287)
Reconciliation of funds				
Total funds brought forward	42,586	16,806	451,618	511,010
<b>Total funds carried forward</b>	<b>50,682</b>	<b>12,493</b>	<b>408,548</b>	<b>471,723</b>

## 24. Comparative funds

### 24a. Comparative unrestricted funds

	General funds 2023 £'000	Endowment funds 2023 £'000	Funds retained within non-charitable subsidiaries or joint ventures 2023 £'000	Total funds 2023 £'000
Balance at 1 April 2022	42,840	(254)	451,618	<b>494,204</b>
Net (expenditure)/income before investment (losses)/gains	(25,692)	-	7,919	<b>(17,773)</b>
Unrealised gains on investments	-	-	(23,873)	<b>(23,873)</b>
Share of operating loss in joint venture FFN JV Limited	-	(704)	-	<b>(704)</b>
Transfers to restricted funds*	7,274	-	-	<b>7,274</b>
Transfers from endowment to general funds**	27,107	-	(27,107)	-
Foreign exchange gains	111	-	(9)	<b>102</b>
<b>Balance at 31 March 2023</b>	<b>51,640</b>	<b>(958)</b>	<b>408,548</b>	<b>459,230</b>

\* Where Nesta provides match-funding or programme support on projects, total expenditure is shown in the restricted fund and a transfer from the general fund to the restricted fund is made to account for Nesta's share of expenditure.

\*\* The expendable endowment fund relates to the funds of the Trust. These funds are held without distinction as to capital and income and can be applied in furtherance of the objects of the Trust. The Trust makes an annual transfer to Nesta to deliver its charitable aims as detailed in the reserves policy.

## 24. Comparative funds (continued)

### 24b. Comparative restricted funds

Funder	Programme	Balance 1 April 2022 £'000	Income £'000)	Expenditure £'000	Transfer from/ (to) general fund £'000	Balance 31 March 2023 £'000
Arts Council of England	Economic Value of Culture	129	(30)	-	(10)	89
Arts Council of Wales	Digital Innovation Fund for the Arts in Wales	193	-	-	(193)	-
Austrian Research Promotion Agency	Innovation Growth Lab	41	68	-	(42)	67
CERN - European Organisation for Nuclear Research	Attract Next	105	-	-	(24)	81
ENISA Spain	Innovation Growth Lab	26	-	-	-	26
European Commission	TalTech Twinning	132	-	-	(66)	66
European Commission	NGI Forward	253	-	-	(253)	-
European Commission	Pro-Ethics	96	-	-	(17)	79
European Commission	EURITO	83	-	-	(10)	73
Google.org	FutureFit	118	-	-	(78)	40
Government of Canada	Afri-Plastics Challenge (Ocean Plastics)	7,671	429	-	(7,506)	594
Greater London Authority	Innovation Growth Lab	41	68	-	(42)	67
Innovate UK	Innovation Growth Lab	33	55	-	(34)	54
Innovate UK (UKRI)	Longitude	5,000	-	-	-	5,000
Innovation Norway	Innovation Growth Lab	41	68	-	(42)	67
Kauffman Foundation	Kauffman Foundation translational research	410	-	(365)	-	45
The Arts and Humanities Research Council (AHRC)	Policy and Evidence Centre - Core	861	957	-	(1,713)	105
UK Humanitarian Innovation Hub	UKHIH Collective Crisis Intelligence	58	42	-	(56)	44
University College London	CAPE - Capabilities in Academic Policy Engagement	170	-	-	(94)	76
University of Helsinki	Nordforsk COLDIGIT	157	(37)	-	(67)	53
Welsh European Funding Office	Y Lab - WEFO Skills and Capacity Building	1,144	-	-	(572)	572
Prism the Gift Fund	The Ending Youth Violence Lab	-	1,039	(1,039)	-	-
Rosetrees Trust	Challenge Portfolio: A Healthy life	-	15	(1,054)	1,039	-
Surrey County Council	Surrey Heat Pump Installer Bursary support payments	-	9	(1,203)	1,194	-
Economic & Social Research Council	ESRC Productivity Bid	-	141	(11)	(8)	122
European Commission	Impetus	-	268	(24)	(5)	239
European Commission	AI, Data and Robotics at work	-	398	(31)	(10)	357

## 24. Comparative funds (continued)

### 24b. Comparative restricted funds (continued)

Funder	Programme	Balance 1 April 2022 £'000	Income £'000)	Expenditure £'000	Transfer from/ (to) general fund £'000	Balance 31 March 2023 £'000
Wales Arts Health and Wellbeing Network	People Powered Results and Wales Arts & Health Wellbeing Network : Arts and Health	-	33	(1,013)	980	-
Cardiff University	Y Lab - Innovate to Save	-	(985)	985	-	-
European Commission	Apps for Europe	-	(82)	(6)	88	-
Schmidt Futures	UK ARIA agency research	-	87	(61)	(15)	11
Argidius Foundation	Argidius Evidence Accelerator	-	52	(2)	(8)	42
UK Research and Innovation (UKRI)	UKRI Open Access Block Grant	-	39	(376)	341	4
USAID	Mombasa Plastics Prize	-	617	(406)	(94)	117
Dream Oval Foundation	DreamOval Foundation - GSTEP	-	151	-	(151)	-
Alzheimer's Society	Longitude Prize on Dementia	-	4,340	(343)	343	4,340
JP Morgan Chase Foundation	JPM feasibility study: low-income women & jobs	-	109	(27)	(35)	47
All values < £50k		44	86	-	(114)	16
		<b>16,806</b>	<b>7,937</b>	<b>(4,976)</b>	<b>(7,274)</b>	<b>12,493</b>

Negative income and positive expenditure above relates to variations of grant income that was previously recorded which reduced the original grant value, and reversal of balances that have not been drawn down.

In many cases, restricted income is received for programmes for which there is part or match-funding by Nesta (either in cash or in kind). The expenditure shown as restricted is the total expenditure of the programme funded by both Nesta and the external donor. A transfer from the general fund represents the portion of the programme funded by Nesta. A transfer to the general fund represents the portion of funding that Nesta is able to retain to cover overheads.

# 8. Reference and administrative details

## Trustees and Main Board Committee Members

### Trustees

**Ed Richards** (Chair)

**Judith Gibbons**

**Heider Ridha**  
(resigned 24 May 2024)

**Sarah Hunter**

**Ian Gomes**  
(resigned 30 April 2024)

**Liz Ditchburn**

**Seun Akindele**

**Jeremy King**

**Catherine Brien**

**Richard Lloyd-Owen**  
(appointed 20 May 2024)

**Richard Harrington**  
(appointed 24 January 2024)

**Jane Thompson**

(appointed 1 October 2024)

**Helena Vinnicombe**  
(appointed 9 September 2024)

**Anthony Lilley**  
(resigned 8 November 2023)

**Christina McComb**  
(resigned 31 December 2023)

### Audit and Risk Committee

**Richard Lloyd-Owen** (Chair)

**Liz Ditchburn**

**James Sinclair-Taylor** (attendee)

**Helena Vinnicombe**

### Trust Investment Committee

**Helena Vinnicombe** (Chair)

**Richard Lloyd Owen**

**Sarah Hunter**

**James Sinclair-Taylor** (attendee)

### People Committee

**Judith Gibbons** (Chair)

**Catherine Brien**

**Seun Akindele**

**Hurol Inan** (BIT non-executive Director)

### Quarterly Investment Committee

**Jeremy King** (Chair)

**Judy Gibbons**

**James Sinclair-Taylor** (attendee)

### Missions (non-Board)

**Ravi Gurumurthy** (Chair)

**Ed Richards**

**Jeremy King**

**Liz Ditchburn**

**Sarah Hunter**

**Judy Gibbons** (optional)

**Seun Akindele** (optional)

### Governance advisor of the Nesta Trust

**James Sinclair Taylor**

## Executive Team

<b>Ravi Gurumurthy</b>	Group Chief Executive
<b>Emily Bushby</b>	Deputy Chief Executive
<b>Lisa Barclay</b>	Executive Director of Investments
<b>Sean Croghan</b> (until 31 December 2023)	Chief Operating Officer
<b>Jenny Gibson</b> (until 31 August 2023)	Chief Scientist
<b>Matthew Seden</b>	Chief Strategy Officer
<b>Elsbeth Kirkman</b>	Chief Programme Officer
<b>Jacqueline Lewis</b>	Group General Counsel & Company Secretary
<b>Ann Paul</b>	Group Chief People Officer
<b>Ella White</b>	Executive Director of Communications
<b>James Plunkett</b>	Chief Practices Officer

## Administrative details of the charity

<b>Registered name</b>	Nesta changed from 'Nesta Operating Company' on 22 July 2013)
<b>Companies House registered number</b>	07706036 (registered 15 July 2011)
<b>Charity Commission registered number</b>	1144091 (registered 30 September 2011)
<b>Office of the Scottish Charity Regulator registered number</b>	SC042833 (registered 30 December 2011)
<b>Registered Office</b>	58 Victoria Embankment, London EC4Y 0DS
<b>Independent Auditor</b>	RSM UK Audit LLP, 25 Farringdon Street. London, EC4A 4AB United Kingdom
<b>Internal Auditor</b>	Grant Thornton UK LLP, 30 Finsbury Square, London, EC2A 1AG United Kingdom
<b>Principal Bankers</b>	Lloyds Bank plc, 25 Gresham Street, London, EC2V 7HN
<b>Nesta Trust Investment Advisors</b>	Momentum Global Investment Management, 2nd Floor, The Rex Building, 62 Queen Street, London, EC4R 1EB

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[www.nesta.org.uk](http://www.nesta.org.uk)

Nesta is a registered charity in England and Wales with company number 07706036 and charity number 1144091. Registered as a charity in Scotland number SCO42833. Registered office:  
58 Victoria Embankment, London EC4Y 0DS.

