

Annual Report and Accounts

For the year ended
31 March 2021

About Nesta

We are Nesta, the UK's innovation agency for social good. We design, test and scale solutions to society's biggest problems. Our three missions are to give every child a **fair start**, help people live **healthy lives**, and create a **sustainable future** where the economy works for both people and the planet.

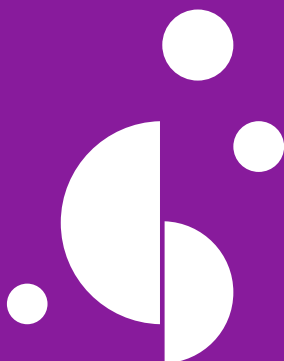
For over 20 years, we have worked to support, encourage and inspire innovation. We work in three roles: as an **innovation partner** working with frontline organisations to design and test new solutions, as a **venture builder** supporting new and early stage businesses, and as a **system shaper** creating the conditions for innovation.

Harnessing the rigour of science and the creativity of design, we work relentlessly to change millions of lives for the better.

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

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Trustees



Sir John Gieve
Nesta's Chair
Chair of Homerton NHS Trust



Professor Anthony Lilley OBE
Trustee
Director of Scenario Two Ltd



Christina McComb OBE
Trustee
Chair of OneFamily, Chair of Standard Life Private Equity Trust plc, Senior Independent Director of Big Society Capital



Heider Ridha
Trustee
Operating Partner of TDR Capital



Imran Khan
Trustee
Science & society adviser



Jimmy Wales
Trustee
Founder of Wikipedia and WT Social



Judy Gibbons
Trustee
Chairman of Which? Ltd, Non-executive Director for Capri Holdings, Trustee of Somerset House and the House of Illustration



Moira Wallace OBE
Trustee
Visiting Professor, Centre for the Analysis of Social Exclusion, LSE, Trustee of Kennedy Memorial Trust



Sarah Hunter
Trustee
Director of Global Public Policy at X and The Moonshot Factory, part of Alphabet



Ian Gomes
Trustee
Board Advisor and Director to a portfolio of companies after a career with KPMG

Chair and Chief Executive's introductory statement

The past year has seen substantial change at Nesta, driven by COVID-19 and the launch of a new 10-year strategy.

This financial year (2020/21) started at the peak of the first surge of COVID-19 in the UK and ended as we recovered from the second surge. Even today, the pandemic continues to shape our personal and work lives and casts a shadow of uncertainty over the coming months. Like most employers, we closed our office and asked staff to work from home in March 2020, hoping to reopen in the summer. But lockdown largely continued for a further year and we are only now taking tentative steps back towards working in the office. We are grateful to all our staff who adjusted to the new world so quickly and effectively even with the pressures of cramped flats, home schooling, and isolation.

As the UK went into lockdown, we focused on what we could do to mitigate the consequences of COVID-19 on education, health and employment. Alongside the Education Endowment Foundation and Impetus, we established the National Tutoring Programme (NTP), aimed at delivering one-to-one tuition to disadvantaged pupils to help them catch up on the learning they lost as schools closed. We supported the expansion of this evidence-based intervention through online tutoring, helping the NTP to enrol 345,000 pupils in its first year. This focus on tutoring built on Nesta's long-term work in education technology and investment in companies including Third Space Learning. Alongside this work, we grew our partnership with the Department for Education (DfE), working with more than 60 schools to test online tools that push the boundaries of remote learning.

As the NHS shifted many appointments online, our People Powered Results team worked with NHSX to support the transition, gathering and analysing feedback from frontline practitioners to help tackle challenges and accelerate the shift, so that more routine appointments take place in spite of the COVID-19 crisis.

Our CareerTech Challenge backed 31 innovators in all, who collectively supported thousands of people with guidance to retrain for and find work in more secure sectors, based on the skills they have. We also invested in a new Challenge Prize – the £3 million Rapid Recovery Prize – to support the growth of new solutions to help one million people hardest hit by the economic fallout of the pandemic access work and handle financial stress.

We also undertook a fundamental review of our strategy. Starting from our commitment to achieving social good through innovation, we asked how we could maximise our impact over the next 10 years. While we were impressed with the range and quality of Nesta's work, we concluded that we would achieve more impact over time if we had a tighter focus both in our objectives and in our skills and methods. Our new strategy reorients Nesta towards three long-term missions, each of which reflect generational challenges.

Our Fairer Start Mission aims to narrow the gap in educational attainment between children with low incomes and the national average. We are focused on the two age ranges where inequalities widen the most – in early years and secondary school.

The goal of our **Healthy Life Mission** is to half the prevalence of obesity in the UK, in a drive to narrow health inequalities between the richest and poorest.

Our **Sustainable Future Mission** is focused on accelerating the decarbonisation of people's homes, with the aim of reducing household emissions by 28 per cent within a decade and be on track to reach zero by 2048.

Our strategic review also saw us redefine the roles we play as a foundation, and the skills and expertise we seek to deploy. As an 'Innovation partner', we will work with frontline partners and deploy teams of behavioural scientists, data scientists, and designers to design new solutions and test them rigorously, with a view towards achieving nation-wide scale. As a 'Venture Builder', we will support the creation of new products and start-ups, and invest in early stage ventures. Using the insight we gain from our work partnering frontline organisations, our networks and capital, we aim to generate three new ventures a year, and invest in four to six existing early-stage ventures. Our third role will be more indirect, working as a 'System Shaper' to create the conditions that support innovation in each of our three missions.

The change in strategy and approach led to a significant restructuring, with some activities and teams scaling down as new mission teams and programmes were formed. We thank all our staff for the commitment they showed to ensure that Nesta responded effectively to the pandemic and

for their help in reshaping and then launching our new mission and strategy early this year, despite not being able to gather in person. We also thank our trustees for their guidance and encouragement and particularly thank Natalie Tydeman and Joanna Killian who have stepped down since our last report

The need for innovation to tackle the UK's social, economic and environmental challenges has never been greater. As Nesta enters its third decade, we aim to build on the innovation expertise we have developed and apply it to generate large-scale, long-term change. We are setting out to make an impact for our missions with optimism and humility – confident in the skills and contribution we can bring to new partnerships, while acknowledging that tackling these challenges requires patience, an appetite for risk, and a willingness to learn.



Sir John Gieve, Chair



Ravi Gurumurthy, CEO

Strategic report

The year 2020/21 was a time of change for Nesta. It was the year that we launched a 10-year strategy that will align our efforts behind three innovation missions working to promote a fairer start, a healthy life, and a sustainable future. It was also the year that some landmark programmes like Accelerating Ideas drew to a close.

This review shows what we have achieved over the last year.

Our missions

The three challenges that will define our work over the next decade

The poorest people in the UK die around nine years earlier than their more affluent peers. Children from lower-income families lag five months behind in vocabulary skills before they even start school. And to achieve carbon net-zero the UK will need to convert five million homes to low-carbon heating by 2030: currently only 25,000 households switch each year.

These are the stark realities that will propel Nesta's work over the coming decade, as we concentrate our resources on addressing three defining societal challenges: how can we give every child a fairer start, how can we help people enjoy healthier lives, and how can we drive forward a sustainable economy. Innovative thinking will be critical to tackling these deep-seated problems, and we've scoped three ambitious new missions to identify where we can achieve measurable outcomes – and so impact millions of lives.

Our Fairer Start mission sets out to narrow the gap between children growing up in disadvantage and the national average, and evidence tells us we must focus our efforts on two key areas to achieve that. The early years (ages 0-5) and secondary school period (11-16) account for 80 per cent of the divergence in life outcomes, so our goal is that by 2030 the UK will have eliminated the school readiness gap between those born into deprivation and their peers, with similar gains at age 16 in relation to students receiving free school meals.

Our Healthy Life mission aims to boost the average number of healthy years lived in the UK, while narrowing inequalities between rich and poor. Here we are focusing our attention on the obesity crisis, which affects 35 million adults, and loneliness, now understood to be as harmful as smoking 15 cigarettes a day. We've calculated that reducing food consumption by just 250 calories a day over five years can move 50 per cent of adults who are obese and 16 per cent of those overweight into a healthier weight class. That would mean around ten million people living nearly two extra years in good health – and that's Nesta's mission goal.

Our Sustainable Future mission focuses on decarbonising UK homes. The nation's 2050 net-zero emissions pledge (2045 in Scotland) will require a paradigm shift in consumer behaviour: people will need to insulate their homes, move to electric cars, replace their gas boilers and shift electricity use away from peak periods. Our aim is that by 2030, the UK will have reduced carbon emissions by 28 per cent from 2019 levels and be on track to reach zero by 2048. To achieve this reduction, over five million households will need to switch to low-carbon heating, and over 10 million will need to install cavity wall, solid wall or floor insulation. We'll also work to boost the UK's lagging productivity by addressing skills mismatches in the economy. As the UK decarbonises, we must ensure a greener future delivers a good standard of living for all.

Our missions in action: some first steps

Our new mission teams were quick out of the blocks in early 2021, commissioning research and convening expert voices to help define their future focus for maximum impact. Several of Nesta's existing programmes play into our overarching mission goals, notably a £4.6 million partnership with the DfE to hone more effective use of technology in schools, which stepped up last year to help disadvantaged young people with remote learning during the COVID-19 lockdowns.

Our Fairer Start team also embarked on an innovation partnership with early years providers, working with local authorities in Leeds, York and Manchester to trial new methods of improving outcomes for pre-school children. That has included collating data to offer real-time information to practitioners; assessing the impact of switching health visitor checks from opt-in to opt-out; and running experiments on what kind of messaging best engages parents. We're seeking out partners for similar discovery work in Wales, too, structuring our field of enquiry around four areas linked to our theory of change: poverty, mental health and wellbeing, the home learning environment and childcare.

Our Healthy Life mission published *Designing with the grain*, a report which pins the blame for Britain's obesity crisis squarely on poor food environments – the lack of affordable, accessible healthy food choices, especially for communities where there is

the greatest need. Meanwhile our complementary research with the Behavioural Insights Team revealed that public attitudes are lagging behind the data, with people still placing more faith in measures that try to reduce obesity by changing individual behaviour. What people think matters: if governments are unwilling to introduce unpopular measures, then progress on reducing obesity is at risk.

The Sustainable Future mission has been busy with research too, testing public perceptions of which actions matter in the drive toward carbon reduction, as well as partnering with the Rapid Transition Alliance to collect case studies of successful energy transitions from the UK and beyond. We're using the findings to identify and engage likely 'early adopters' of low-carbon heating, so we can design methods to create a lower-hassle customer experience for people who want to instal heat pumps. Meanwhile our mission team in Scotland began researching the specific challenges posed by decarbonising heating across the housing stock there – they will use those lessons to design and test a suite of solutions across different dwelling types. Separate studies in Edinburgh, Dundee and Dumfries and Galloway are exploring which workplace skills are now underutilised because of COVID-19, and how those might overlap with the jobs needed in sustainable and growth industries.

Our practices

Taking innovation expertise to the next level

Nesta's approach to innovation builds on deep expertise in a raft of disciplines: data science, behavioural science, collective intelligence and more. Historically, we've analysed, developed and tested innovation best practice and shared that knowledge with others – now we want to apply those techniques directly to our own work on the ground. In 2020/21 we reforged our vision for how innovation methods will achieve our mission goals, adding new practices so we can bring a wider blend of methods across the entire lifecycle of innovation – from inception to design, from testing to scaling.

Our new Design and Technology practice will help understand what solutions people really want and need, developing and prototyping products and services relevant to missions. Our Evidence and Experimentation practice will help us understand not just what works, but when, how and why, and ensure that all of our actions are underpinned by robust evidence. Meanwhile we aim to build on our efforts to champion the role of the creative industries as a catalyst for changing social attitudes around health, education and sustainability through our Arts practice.

We're already making great strides, as the case studies below reveal. And last year's achievements also include our work on the Open Jobs programme, which uses data-driven research and experimentation to help individuals, businesses and governments make smarter labour market

decisions. In November, we published new guidance on how workers whose occupations are at risk of automation can transition to lower-risk roles, and 80 organisations across 13 countries have since been in touch to use the findings.

Case study: Data Analytics: the Liverpool Food Supply Map

The perils of food insecurity – not eating enough or eating unhealthily – are increasingly recognised in the UK, and they are shaping the work of Nesta's new Healthy Life mission. Our Data Analytics team teamed up with Liverpool Council, local charities and the NHS to help develop their good food strategy, mapping a range of retail outlets and food initiatives

city-wide. We've investigated travel times for people who might be affected by food insecurity, flagging neighbourhoods in the lowest 20 per cent income bracket, or with high incidence of obesity, which lie more than ten minutes' walk from affordable and emergency food providers. Armed with our analysis, the city can begin to address those gaps.

Case study: Collective Intelligence Design: addressing global sustainability

In low-income countries over 90 per cent of rubbish is openly burned or dumped, and our Centre for Collective Intelligence Design has been combining human and machine intelligence to take on the waste management crisis engulfing the developing world. We worked with UN Development Programme teams in 13 countries from Argentina to Zambia, creating a Collective Intelligence Design Studio and sharing it through online workshops and mentoring.

The solutions that emerged were inspiring and impactful: in Ukraine, satellite images and crowdsourced data came together to plot waste-burning sites across the country, and identified 367 previously unknown composting sites as an alternative. In Laos, GPS sensors on the carts of informal waste-pickers created the first ever map of their routes, bringing home their vital importance to the recycling system in Da Nang city.

Discovery hub

Scanning the horizon for emerging trends and promising technologies

Nesta's Discovery Hub launched in 2021 to scan for emerging trends, promising technologies and interventions. It embeds strategic foresight at the heart of our work, building on Nesta's long track record of public engagement with futures, horizon-scanning and emerging technologies. The Discovery team also runs a programme of employee-driven innovation to surface the best ideas – wherever they come from in the organisation.

Discovery projects bring together future methods such as scenario-building with data science, to ensure Nesta's strategy is responsive to our changing world. For example we've developed a living 'library of trends' which teams can use as a dynamic tool to analyse the drivers of change affecting our mission areas. Meanwhile our Innovation Sweet Spots project (see below) sheds light on which innovations are gaining traction in terms of investment and public discourse. Forthcoming work will see us continue to interrogate the social impact of the technologies set to change our lives over the years to come.

Case study: Innovation Sweet Spots

The Discovery Hub is harnessing the power of big data to identify promising technologies on a growth trajectory. Until now, analysis of technological innovation has tended to rely on qualitative measures: it has also mainly been designed for a

corporate audience. We are piloting a new approach looking at the convergence of investment and public funding, parliamentary records and media coverage to spot new trends, opportunities or stagnation in a given field.

Investments

Nesta's investment portfolio has long supported both arts and technology ventures, and in 2020/21 we reaffirmed our focus on meaningful social impact. We unveiled major new financial commitments in both sectors.

Impact investments

Supporting new tech, from science kits to skin cancer

For 20 years now Nesta has been investing in early-stage technology ventures that align with our wider strategy, helping them to develop and scale. In 2020/21 we added three exciting new innovators to our portfolio, as well as taking additional equity in four businesses we've supported before. Our team look for a commercially viable model and strong social or environmental impact, and last year's calls were coloured by COVID-19: notably a follow-on investment in Third Space Learning (TSL), which provides one-to-one maths tutoring by online video for primary school children – especially disadvantaged young people who are falling behind.

Two first-time investments resonate with our new Fairer Start mission, too. We took stakes in Empiribox and MEL Science, which provide science experiment

kits to primary and secondary schools, respectively. They make science engaging and interactive, helping bridge the attainment gap for pupils who may struggle to respond to more conventional teaching.

Our team also forged a new two-year partnership with UK Research and Innovation (UKRI): we've allocated £3 million of equity funding which will be matched by £3 million in grants from UKRI for companies working to improve health and productivity outcomes for older people. In total Nesta invested £4.2 million during the 2020/21 financial year, and this March we committed to a new five-year investment facility worth £50 million, which will support our Impact Ventures as well as private sector innovators who advance our mission goals.

Case study: Skin Analytics

One of Nesta's 2020/21 investments saw us deploy £750,000 of equity in Skin Analytics, which has used AI technology to develop a diagnostic tool to detect skin cancer. Family doctors are flooded with patients worried about skin problems, and because rigorous studies have shown machine learning to be comparable to a dermatologist in accurately diagnosing skin cancer, it is well suited in assisting GPs in early screening. MedTech diagnostics is at

the cutting edge of health sector practice, and innovations can be expensive to bring to market, but Nesta's investment came as Skin Analytics signed its first major contract with a UK hospital trust, in Birmingham. As well as saving lives, the tool can reduce the burden on secondary care, so dermatologists have more time with patients who really need it.

Arts and culture finance

Rolling out the world's biggest investment fund for the creative sector

The 2020/21 financial year opened with a landmark Nesta commitment to the UK's cultural sector. Overnight, our new £23 million Arts & Culture Impact Fund became the world's biggest investment portfolio for arts and culture, open until 2023 and offering affordable loans of up to £1 million to help social enterprises in culture and heritage to innovate and grow. It complements Nesta's existing Cultural Impact Development Fund, which places smaller loan and grant packages, and whose eye-catching array of investees includes InHouse Records, the world's first fully functional prison-based record label.

As COVID-19 lockdowns devastated the creative industries, Nesta supported our investees by suspending all capital and interest repayments from April to December and beyond, so they could wait

for audiences to return. Interest in our newer fund was nonetheless brisk, and it's already changing lives across the country. We've approved over £2 million so far, and among the early beneficiaries are Friends of the Pipe Factory, who've used their loan to buy an iconic Victorian building in Glasgow's East End, which they'll transform into a cultural hub supporting the creative aspirations of young people. Another investee is the Talent House, a new centre on East London's Sugar House Island that will nurture local dance and music artists.

Meanwhile, Nesta is now spreading its expertise worldwide with the January launch of Creativity, Culture & Capital, an international advocacy platform that showcases the power of creative initiatives to effect social change – and the innovative ways they can be funded.

Case study: Future Yard CIC

When it comes to Nesta's arts investments, demonstrating positive social impact is key – and Future Yard CIC is a terrific example. It launched in Birkenhead with an ambition to reimagine the role of a community music venue, and use music as a force for good. In February the Arts & Culture Impact Fund invested almost £300,000 and, alongside a busy

roster of exciting new music talent, Future Yard is now hatching free skills programmes for young people keen to pursue careers in the business. Birkenhead has high levels of deprivation, and the project has enlisted the local job centre, mental health charities and social housing associations to reach vulnerable youngsters with limited opportunities.

Programmes

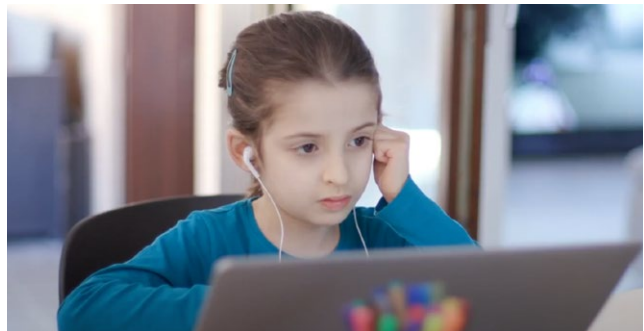
Nesta often works in partnership with other organisations, joining forces for maximum impact. These eight programmes, delivered with a host of government, commercial and third sector organisations, build on many years of collaborative activity, focusing on everything from health sector innovation to developing future employment skills.

EdTech innovation

Making online learning work for everyone

Among the many challenges thrown up by COVID-19, few loomed larger than how best to support the millions of children who found their education seriously disrupted. Nesta was at the forefront of the response: our £4.6 million partnership with the DfE had already been probing more effective use of technology in education, and 2020/21 saw us apply those lessons, adapting EdTech packages to support pupils at home.

Our own research showed disadvantaged children face persistent barriers to remote learning, with 61 per cent of teachers telling us in May 2020 that the widening achievement gap was a major concern. So we launched the £800,000 EdTech R&D Programme, working with the DfE, 65 schools and six EdTech tuition partners to rapid-test improvements designed to help those young people to prosper. Our grantees developed a new set of interactive resources for A-level maths, explored the use of texts to nudge



parental engagement, and much more. Meanwhile our EdTech Innovation Fund has enabled 15 providers to grow their reach in England, build their evidence base and/or develop new features to reduce teacher workload. We plan to share all our findings this September, and Nesta is carrying forward that strategic focus on educational disadvantage through our new Fairer Start mission.

Case study: The National Tutoring Programme

Traditionally, only better-off schools and families tend to benefit from quality tuition, but during the COVID-19 pandemic it played an especially vital role in supporting children. It is estimated that around 80 per cent of disadvantaged pupils don't have access to tuition, so the National Tutoring Programme set out to help schools get high-value, subsidised tuition to as many children as possible – and in turn make a longer-term contribution to closing the attainment

gap. The Education Endowment Foundation ran the main programme, but as a founding partner, Nesta's role saw us deliver a capacity-building programme to the 33 approved providers, and we awarded grants to five to develop the quality and impact of their online tuition. For example, Manning's Tutors invested almost £100,000 in creating new functionality which can split a main group session screen into mini-views, so tutors can switch to tailored one-to-one teaching.

Creative Industries Policy and Evidence Centre

Sharing up-to-the-minute research to help weather the pandemic

COVID-19 sent UK arts and culture reeling, with venues shut down, event programmes scrapped and thousands of freelance performers, artists and technicians entirely without work. Step forward the Nesta-led Creative Industries Policy and Evidence Centre (PEC), which exists to research and recommend policy changes that can most benefit the sector. In April, we set about collating evidence to help policymakers respond, and working with the Centre for Cultural Value and The Audience Agency, we discovered that 15 per cent of creatives left the industry in the second quarter of 2020, while music, performing and visual arts alone suffered 55,000 job losses within six months of the first lockdown. Our research was picked up by the Labour Party to argue for continued financial support.

Last year also saw us investigate class disparities in arts and culture, and again the findings were stark, revealing that just 16 per cent of people working in creative occupations are from working-class origins – a figure largely unchanged over the last five years. More positively, our research has thrown a spotlight on surprising ‘microclusters’ of creative enterprise in regional hubs – a local ecosystem has been built around Creative Folkestone in Kent, for example; and 65 creative businesses are gathered in the Shetland Islands. We are now using the research to inform the Government’s levelling-up agenda and forthcoming Spending Review, with six new papers already published.

Case study: Digital culture tracker

In April 2020, three weeks after the first COVID-19 lockdown, the PEC launched a six-week study with the Intellectual Property Office tracking the consumption of digital culture at home. Our 1,000-strong consumer panel threw up powerful evidence on the value of film, e-books, video games and more in helping people deal with challenging life circumstances. For example, 90 per cent of our group said music helped them cope with the ‘new normal’, though we found that COVID-19 also brought a widening of the cultural class divide, with

people from lower-income backgrounds embracing digital arts more slowly. As Keren Nicol, a furloughed arts manager at Glasgow’s Citizens Theatre, said on Twitter: *“It takes confidence and security in our own world to enter into imagined others’ through literature, drama or film. All things that are lacking in redundancy/furlough.”* The PEC is assiduous in sharing its research outcomes swiftly with the sector, and the tracker aimed to help creative bodies flex their offer in tune with people’s habits as the UK went in and out of lockdown.

Accelerating Ideas

Scaling innovations in health practice nationwide

Nesta’s Accelerating Ideas programme launched in 2016, a £5 million partnership with the National Lottery Community Fund to scale innovations in the health sector so they become more widely adopted across the UK. Our eight project partners include big established names like the British Red Cross and British Lung Foundation, and exciting new players such as Shared Lives Plus, which offers fresh ways to give older people more confidence and control over their health.

Over the last year we’ve been helping our innovators adapt to the new world of COVID-19, embracing digital options to connect people then moving toward hybrid approaches as lockdowns eased. Despite the challenges, they have sustained their impact – for example the Cares Family brought together 5,700 younger and older people to share friendship and community online, on the phone and by post. It hosted more than 400 virtual social clubs, attended a total of 3,827 times by people across the

age spectrum – including dances and discos, history nights, quizzes and yoga. Another to successfully pivot is GoodGym, which combines exercise with community volunteering, and has grown with our grant to engage more than 6,000 people across 58 UK neighbourhoods. A 2020 study showed older people were statistically less lonely and isolated after using GoodGym.

Accelerating Ideas closed in July 2021 after five years, and a report will pull together lessons from our partners, highlighting their successes and failures and illuminating the factors that help health innovators to scale.

Case study: Young Stroke Survivors

The Stroke Association has been trialling approaches to support younger survivors, who often get overlooked. Part of its Nesta-funded Hand in Hand programme, the Young Stroke Survivors network now has three pilots up and running for people aged 21-45. Attendees have shared their experiences of

effective pain-relief medication, for example, while two women whose strokes were caused by boxing injuries forged a lasting connection. Not only did every participant report that they'd recommend the sessions to others, most said they would like to volunteer to facilitate young people's groups in future.

CareerTech Challenge

Throwing a lifeline to people in precarious jobs

More than six million people in the UK work in occupations likely to change radically or disappear altogether by 2030 – and the COVID-19 pandemic has made their lives even more precarious. Its impact was felt especially acutely by those already in low-paid, insecure jobs, and among women and minority ethnic groups in particular. Without urgent action those inequalities will widen, and our CareerTech Challenge set out to find new ways to empower people either to retrain online or get guidance to help them find work.

A £5.5 million partnership with the DfE, the challenge supported 31 early-stage innovators in 2020/21, and they upskilled and advised more than 10,000 people. Our 11 grantees in the digital training field received up to £250,000 to test and refine their ideas, plus tailored help from the Learning and Work

Institute to evaluate their effectiveness. Among the more intriguing was Game Academy, whose career programme for gamers includes quests and challenges that sharpen work-related skills. Meanwhile, a separate CareerTech Challenge prize supported 20 different tech solutions that make high-quality careers advice easier to access: our overall winner is profiled below. And the partnership is also delivering the Open Jobs Observatory, which analyses online job adverts to provide up-to-the-minute insight on UK skills demands.

CareerTech Challenge has brought us new intelligence on what works in these spaces – lessons we shared in March at our Changing World of Work symposium, and by publishing a new evaluation toolkit for online adult learning and career change programmes.

Case study: Bob UK

Developed by the non-profit Bayes Impact, Bob UK is an automated online coach that gets crucial, life-changing employment advice to people who need it – quickly, easily and for free. Awarded our CareerTech Challenge's £120,000 top prize, Bob is powered by AI and hyper-personalised. It pulls together data from the Office of National Statistics, the LMI For All portal and others to help people understand how their skills fit with employers' needs, and offers ongoing digital coaching to boost their job-hunting chances. What's unique is that rather

than rely on matching people with a pre-made 'solution', Bob gives a clear understanding of their place in the job market, and the steps to take next.

Bob UK builds on the success of Bob Emploi, which has already coached more than 250,000 jobseekers in France, 41 per cent of whom said its coaching was a key factor in their job recovery. And it is now building out features for careers advisers to use with their clients, recognising that face-to-face human support is crucial for many of the most vulnerable jobseekers.

Y Lab

Befriending the vulnerable during lockdown

How can the arts help to boost public health in a pandemic? That was one of the questions answered last year by Y Lab, our innovation partnership with Cardiff University. It launched HARP – Health, Arts, Research, People – with backing from the Arts Council of Wales. Twelve arts practitioners tested novel COVID-19-safe interventions to support the vulnerable during lockdown, including the Powys-based dance charity Impelo, which ran Zoom sessions for care home residents and their families. Participants learned to navigate new technologies while enjoying quality time with loved-ones, and Impelo has since taken lessons from that pilot to develop Joio, an online dance programme to improve older people's mobility and reduce falls.

Y Lab has also been busy with Infuse, an innovation skills-building programme for the Cardiff Capital Region. Primed by £5.6 million from the European Social Fund through the Welsh Government, it will work with 120 public servants until 2023, building their capability in data analysis, procurement and



adaption and applying that expertise to some of the region's most pressing issues, such as accelerating decarbonisation. Meanwhile last year saw the culmination of Innovate to Save, our four-year project exploring how finance and loan programmes can best support public service innovation. Its final 'playbook' now offers a best-practice guide to other organisations. Nesta also published research on data poverty across Scotland and Wales, deepening our understanding of how many people struggle to access vital public services.

Case study: The Mockingbird Family Model

In 2020 we distributed £2 million in Wales through Innovate to Save, which gives interest-free loans for ideas that improve public services and generate savings. Flintshire County Council received £1.5 million to roll out a new model for delivering foster care. The Mockingbird programme replicates an extended family through 'constellations' of fostering

households, and it will support 50 families by 2024, saving £2.4 million. Two of five constellations are already operational, and foster carers report feeling better supported, while children find new stability and even new placements in the hub network, where needed.

NGI Forward

Plotting the path to a more inclusive internet

The pioneers of the internet dreamed of an open, free, decentralised information exchange, but today the prevailing story is of a loss of control: a handful of global companies determine what we read, what we buy, even who we vote for. The Next Generation Internet initiative is the European Commission's flagship programme to develop an internet that responds to people's fundamental needs, and Nesta has been tasked with setting out a policy roadmap to this more human-centric internet by 2030.

Our NGI Forward project unveiled its vision last September, and it is already helping inform both EC and UK policy agendas. Founded on five key goals – to make the internet more democratic, resilient, sustainable, trustworthy and inclusive – it is full of radical proposals that would place the levers of digital power back in the hands of

citizens. They include issuing every European their own self-sovereign online identity 'wallet' by 2025, empowering them to control how their data is shared on a case-by-case basis. Also included is bold new 'right to repair' legislation for digital hardware, and a digital tax levy on large platforms to help fund trusted journalism.

These ideas were explored at a major NGI Policy Summit bringing together 750 expert stakeholders, and we're now testing some of them through our £80,000 Policy-in-Practice fund. The fund's four experimental projects include the BBC's work to measure online engagement through human needs instead of clicks or profit; and efforts by the Dutch police to build trusted databases from the information people share with emergency first-responders.

Case study: eReuse

After COVID-19, bridging the digital divide has never been more important. Backed by our Policy-in-Practice fund, Barcelona-based eReuse is investigating how we can make it easier for companies and public bodies to donate old laptops and smartphones to low-income families who are unable to access the internet. Such devices are often binned or recycled before their useful lifespan

is up, so this scheme also reduces the growing environmental footprint of our internet use. The project will trial the model locally and measure its impact by tracking the machines over time. But it also aims to make it easier to replicate elsewhere, by creating legal templates for public and private procurement, as well as solidifying the network of refurbishers and recyclers across Europe.

FutureFit

Empowering workers with the skills of tomorrow

These days everyone needs digital skills to get online, access basic services and progress their careers – and COVID-19 has made that even more imperative. But how do we motivate workers who lack confidence, or don't have the time, money or support to train, retrain and do their jobs online? Nesta launched FutureFit in 2019, backed by £1.65 million from Google.org and briefed to create an effective adult learning system that tackles inequality and social exclusion.

Since then, we've forged partnerships in five countries – Finland, Sweden, Denmark, Belgium and the Netherlands – teaming up with trade unions, training providers and some of the world's best-known companies, including Volvo, Nokia and Oras. We've upskilled more than 1,100 people across nine sectors facing radical change, from banking to retail, metal to meat. And by designing, delivering and evaluating methods that boost learner behaviour and outcomes, we've seen terrific results: 89 per cent

of participants emerged with better digital skills, using that knowledge in their jobs and beyond.

FutureFit plans to launch a website showcasing resources and evidence from the project, including both a new learning framework for institutions and businesses, and practical tools to help adult learners thrive in tomorrow's workplace. Meanwhile,

the UK Government has announced a string of multi-million-pound incentives to 'build back green' post-pandemic and create hundreds of thousands of jobs. A major transformation will be needed to prepare sectors and workers for this fourth industrial revolution, and we've built on the lessons from FutureFit to publish *Going Green: Preparing the UK workforce for the transition to a net-zero economy*.

Case study: FutureFit Sweden

FutureFit's intervention in Sweden was especially innovative and successful, bringing people with limited digital skills together to learn online. Our partners included Unionen, the world's biggest white-collar union, and we trained 365 people in administrative roles who perceived their jobs as being at risk, had lower education levels or who lacked confidence online. COVID-19 meant our

learners gathered via Zoom, in digital classrooms 250-strong, and worked in online breakout groups too. Meanwhile Doris the chatbot nudged them to finish tasks and reflect on their experiences. Wrote one: *"This was absolutely the most rewarding and interesting programme I have ever taken part in. A huge lift for me in both my private and working life."*

Data Dialogues

Forging new frontiers in digital healthcare

Nesta's partnership with the Scottish Government has blended funding, futures analysis and research to unearth the best ways to innovate in digital health, as well as exploring public attitudes on how health data should be shared and used.

The five projects we commissioned engaged people from diverse cultural and socioeconomic backgrounds via a range of participatory futures methods, including immersive theatre and pop-up installations. And when COVID-19 hit, four were able

to pivot and deliver their work online, developing remote workshops, virtual online games and a fictional pharmacy of the future. The fifth couldn't be adapted, so Nesta redirected that money into an interactive toolkit to help the Government design and develop its new digital health and care strategy. We also published *Dialogues about Data*, a report probing the barriers and enablers to creating a data-driven health service, and the programme wrapped up in summer 2021 with a workshop on how to apply all the insights we've gathered.

Case study: Scotland on Mars

In one of Data Dialogues' participatory futures projects, SHIFT Design asked people aged 16-18 to game-play building a healthcare system for a Scottish colony in space. Roleplaying as the Health Minister, they were called upon to make thorny judgement calls on how to gather and share

citizens' health data across different departments, and SHIFT gathered feedback from in-game play and interviews. The experiment garnered valuable insights on the appropriate use of sensitive material, grappling with the stigma around sharing data on issues such as mental and sexual health.

Enterprises

As Nesta trains its future focus on three big societal missions, the enterprises we've incubated will continue to shape the innovation ecosystem in the UK and beyond. Their activity will bring important benefits for our missions – with opportunities to leverage their expertise and blend their methods with others in pursuit of impact. And their work for partners and clients will help keep Nesta at the forefront of global innovation.

Nesta Challenges

Reinventing the wheelchair

Nesta Challenges is renowned worldwide for our expertise in innovation challenge prizes. Since 2012 we've run more than 40, and researched, designed or advised on many more. Last year we awarded seven prizes, in fields spanning everything from disability to ageing, lifelong learning to legal services, and we also moved forward apace with our Million Cool Roofs global challenge and our flagship Longitude Prize, launched in 2014.

The Longitude Prize challenges innovators to develop rapid, affordable point-of-care diagnostic tests that tell doctors whether they need to prescribe antibiotics, and in some cases which one will be effective. That in turn reduces their overuse, tackling antibiotic resistance and conserving them for future generations. The innovators' final deadline is still a year away, but at least three teams have already brought forward solutions we think could carry off the £8 million pot.

Nesta Challenges launched five new prizes in 2020/21, too, including a £200 million fund from

Ofwat to grow the water sector's capacity to innovate. And we moved fast to respond to COVID-19 through Nesta's Rapid Recovery Challenge, which is seeking out new tools and approaches for people worst hit by the economic fallout of the pandemic. Our ambition is to help one million people access them by 2023, improving their career and financial prospects. The prize will be awarded this autumn, and our six-strong shortlist includes Turn2Us, which uses open banking technology to get grants to those who need them faster; and Udrafter, where businesses can access talent on demand, paying students and graduates to complete micro-internships that give them crucial work experience.

Nesta Challenges also offers consultancy: last year we helped the Government of Chile launch its first challenge prizes, and we're now advising Canada's Centre for Regulatory Innovation. Our Afri-Plastics Challenge, worth \$14 million Canadian dollars, launched in partnership with the Canadian Government this summer.

Case study: Phoenix Instinct

Despite advances in precision technology, electronics and AI, the wheelchair has barely changed in decades. Our Mobility Unlimited Challenge set out to change that, seeking out a new device for people with lower-limb paralysis. The \$4 million fund saw teams compete from Japan, Italy, Scotland and the US, and the \$1 million top prize went to Moray-based Phoenix Instinct, whose new ultra-lightweight chair has a smart centre of gravity, allowing people to

cross uneven surfaces while keeping perfect control. Founder and inventor Andrew Slorance himself suffered a spinal injury as a teenager, and he says the challenge gave his team – an SME without the deep pockets of a big multinational – the chance to compete on a level playing field and ultimately prevail. Taking part didn't require onerous reporting or proof of match-funding, and was backed with extensive publicity, technical support and mentoring.

Innovation Growth Lab

Bringing a scientific mindset to business decisions

Innovation Growth Lab (IGL) is a Nesta-led global initiative to maximise the impact of innovation and growth policy. We help organisations become more experimental, test new ideas, create better evidence and learn from each other, and to date we've worked with more than 1,000 policymakers and practitioners to develop their experimentation skills.

IGL typically operates in partnership, and we currently bring together seven government agencies, from the Greater London Authority to Innovation, Science and Economic Development Canada. With the Department for Business, Energy and Industrial Strategy (BEIS), Innovate UK and the European Commission, we've been delivering experimentation

funds that explore business growth: in 2020/21 we worked on 44 randomised controlled trials and pilots. We also provided bespoke support for NASA, the Taftie network of 32 European innovation agencies, and the National League of Cities in the US. Common to all those programmes was adapting to COVID-19: sometimes it entailed overhauling the design and purpose of experiments, sometimes it meant providing support through new online formats. Our annual conference itself happened virtually, reaching over 250 participants from 36 countries, and we spread the word even wider via a new project with the Kauffman Foundation to translate the latest body of evidence into actionable insights for policymakers and business support organisations.

Case study: Bocconi University

Are entrepreneurs more likely to succeed if they apply scientific method to their business decisions? That's the question tested by researchers at Milan's Bocconi University in a randomised controlled trial funded through the IGL Grants Programme. Companies were trained to formulate hypotheses about their business models, then design experiments to test them, using the findings to inform their decisions. The result: those who had the scientific entrepreneurship training were more likely to change their model by making a strategic pivot, and on average they generated higher revenues than a control group who received only traditional business training. We've since replicated the research with small business owners in the UK, funded by BEIS and Innovate UK through their Business Basics Programme, and the approach is now being tested further in trials in China, India and Tanzania.



People Powered Results

Finding the positives in the UK's COVID-19 response

Nesta's People Powered Results (PPR) team sets out to create the conditions and cultures that allow rapid innovation. We bring together leaders, frontline staff and communities to focus on a new goal for change, then take a whole-system approach to achieving them.

The COVID-19 pandemic forced the UK's public services to adapt at lightning pace, transforming how they work. To make sense of that, PPR has partnered with institutions nationwide to listen to voices on the frontline and in communities, capturing the long-term lessons and helping them test and scale ideas that put people at the heart of change.

Alongside Healthcare Improvement Scotland, for example, we have taken soundings from the many community organisations that rallied to assist the country's initial COVID-19 response, with the aim

of sustaining and strengthening their future role. We have joined forces with Marie Curie and St Christopher's Hospice to gather insights that will help them reshape and humanise future experiences of death, dying and bereavement. That work culminated in September with an online gathering of more than 200 stakeholders from NHS trusts, palliative care networks and universities. And at a more local level, we've partnered with organisations like Big Hearts Community Trust to bring a people-powered approach to its work with isolated individuals and families across Edinburgh.

We also advanced our efforts to help NHS England implement personalised care models at scale, and co-produced its Peer Leadership Development Programme, which empowers people to take a more active role in shaping care systems.

Case study: Parent-Pal Essex

Essex County Council wanted to help an oft-overlooked group: working families with informal childcare. How do you build their resilience, connect them together, and avoid their falling into crisis? Our project set out to hatch new solutions by bringing parents themselves together with experts from Barnado's, Home Start, adult community learning and local primary schools. With Basildon the focus

and 49 days to forge fresh ideas, our cross-sector team brought a suite of prototypes to an intensive launch workshop, which explored case studies and emerged with two big programme ideas, 'Parent-Pal' and 'Family Friendly Employers'. And underpinning our people-powered approach? Making sure families were key team members.

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), six companies, 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, NII GP2 Limited, Nesta PRI Limited, Cultural Impact Development Loans Limited, Nesta Partners Limited, Nesta Investment Management LLP, NII2 Special Partner LLP, Nesta Arts Impact LLP, Nesta Arts and Culture Impact LLP and Nesta US Inc. The Group also includes Nesta Enterprises Limited, incorporated as a trading subsidiary for non-primary purpose trading. The results of the Group consolidate all subsidiary undertakings as well as the Trust and the joint venture in Behavioural Insights Limited.

Nesta Trust provided funding to Nesta of £28.1 million (2020: £21.8 million) during the year of which £23.6 million (2020: £18 million) was applied to charitable operating activities and £4.5 million (2020: £3.8 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 subject to long term sustainability.

Charitable income and expenditure breakdowns have been restated for 2020 to reflect the new headings in 2021 in line with Nesta's new strategy.

The categories defined by the trustees for the purposes of organisational management are – Committed Programme Delivery; Investments;

Missions; Practices and Enterprises. Previously, these were – Programmes; Investment (early-stage and social impact) management; Research, Policy and Analysis; Skills; and FutureFest.

Charitable income of £16.9 million (2020: £25.3 million) was recognised in addition to the £7.9 million (2020: £10.1 million) of investment income and £4.8 million (2020: £8.0 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 £37.1 million (2020: £47.2 million) of which £34.3 million (2020: £42.1 million) was spent on charitable activities, £1.9 million (2020: £3.9 million) on trading activities and £0.8 million (2020: £1.2 million) on managing endowment assets held by the Trust and impact investment funds held by Nesta. Grant expenditure commitments totalled £8.7 million (2020: £7.7 million) with recipients over £50,000 detailed in Note 7b.

Support costs of £12.4 million (2020: £10.8 million) relate to Communications and Corporate Services activities and are allocated to programme areas as shown in Note 7a.

Total Group funds increased by £81.4 million (2020: decreased by £30.9 million) during the year. This resulted in Group funds of £505.1 million carried forward as at 31 March 2021 (31 March 2020: £423.7 million), of which £22.0 million was unrestricted (2020: £9.4 million) and £458.6 million was in relation to the expendable endowment (2020: £391.6 million).

As Nesta is able to draw down cash from Nesta Trust as required within the approved funding envelope. The Trustees have concluded that the Trust has adequate assets to fund the activities of the charity over the medium term; we are confident because we have £400m in the Fund which we can draw on as needed.

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 required by the Nesta Trust to advance its charitable objectives. The strategy aims to balance risk, return and capital preservation.

During the year ended 31 March 2021, the value of Trust investments and cash increased by £70 million to £468 million (2020: £398 million) after annual transfers to Nesta to carry out the objectives of the Trust in line with the Trust Deed. The fund has fully recovered from losses experienced last year following the outbreak of the COVID-19 pandemic. A further breakdown of the £70 million increase can be seen in the table below:

Asset class (Trust accounts only)	Market value of investment assets 31 March 2021 £'000	Proportion of total endowment assets 31 March 2021 %	Market value of investment assets 31 March 2020 £'000	Proportion of total endowment assets 31 March 2020 %
Current assets:				
Cash	9,842	2	4,143	1
Fixed asset investments:				
Equities – UK	39,100	8	30,753	8
Equities – Overseas	232,377	50	183,591	46
Bonds and fixed income	84,972	18	74,234	19
Early-stage venture portfolio*	18,338	4	20,536	5
Investment property	77,655	17	76,640	19
Private equity funds	5,618	1	7,693	2
Total Fixed asset investments	458,060	98	393,447	99
Total Cash plus Fixed asset investment	467,902	100	397,590	100

*Mixed motive investments – see Note 10 of the accounts for further breakdown

Strategic review

During the year, Nesta's trustees continued to monitor and review the investment portfolio including the asset allocation policy through the Trust Investment Committee. A risk register is used in order to proactively manage key risks.

Global equities performance

Strategic allocation to equities increased to 58 per cent (2020: 54 per cent) during the year which, together with market conditions, resulted in an increase in the valuation to £271 million as at 31 March 2021 (2020: £214 million). During the year £24 million of equities were sold (2020:

nil), of which £6 million was reinvested in other alternative asset classes in order to rebalance the portfolio, with the remainder being used to ensure the Trust had sufficient cash to fund day to day activities.

Managing holdings of alternative asset classes

As noted above, a total of £6 million was reinvested into alternative asset classes during the year (£4 million into Bonds and £2 million into Investment property). A £6 million financial commitment remains outstanding for alternative asset classes as disclosed in Note 10 to these Financial Statements (2020: £6 million).

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

The early-stage venture portfolio includes equity and loan investments in 12 (2020: 18) early-stage companies, and to three (2020: four) early-stage investment funds. 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. There were net gains of £2.3 million (2020: £1 million) recognised in the year applying the valuation methodology which remains unchanged from previous years and is detailed in Note 1h to these Accounts.

Costs of managing the assets

Direct costs, reported by external fund managers, of the Trust's investment assets totalled £1 million (2020: £1 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 0.5 per cent of the average asset value over the year (2020: 0.6 per cent).

Investment policy

The Nesta Trust was established by a Trust Deed dated 22 September 2011. As the sole Trustee of the Nesta Trust ('the Trust'), Nesta is responsible for the Trust's investment policy. Investment strategy advice is delegated to the Trust Investment Committee of the Board which is also responsible for strategic and tactical asset allocation, rebalancing and weighting within asset classes, as well as monitoring manager, consultancy and custodial arrangements. The Board approved an updated Investment Policy in March 2021.

Investment assets are invested on a total return basis in furtherance of the Trust's objects, balancing cash distributions where possible to fund Nesta's drawdown requirements. 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 requires that Nesta 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.

Nesta's investment objective for the Trust is to balance the current and future needs of the Group by producing a consistent and sustainable level of return, within acceptable levels of risk, to support the work of Nesta in advancing the charitable objects of the Trust. To meet these objectives Nesta invests globally and diversifies across a range of asset classes, maintaining the majority in higher returning instruments whilst ensuring enough liquidity to avoid sales at distressed prices.

Responsible investing

Nesta believes that responsible investment can enhance long-term portfolio performance and is committed to capturing investment opportunities driven by environmental, social and governance (ESG) integration and active ownership within its asset portfolio. The Trust's Investment Committee aims to encourage companies to innovate for the delivery of long-term returns. To date, the process of incorporating a more responsible approach to investment has involved:

- Divestment: Where practical we have sold our holdings in companies whose activities we deem incompatible with our charitable objectives.
- An explicit programme to monitor fund managers' incorporation of ESG factors and their practice of active ownership and stewardship.
- For our index investments, we engage Federated Hermes Equity Ownership Service, the pioneering stewardship company, to oversee our portfolio.
- Continuing support for impact investing.
- Advocacy: We have been a leading advocate for transparency in costs and charges, and for ensuring that the remuneration policies approved by investors support innovation.

These policies have informed Nesta's actions, oversight and asset allocation decisions. However, it should be noted that such initiatives take

time to fully implement and Nesta may have some holdings that do not fully accord with its responsible investment policies. These will be run down over time. Equally, Nesta will continue to develop its policies to further embed responsible investing across the portfolio.

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, grantmaking, 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 but are also expected to make a financial return 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 (effective 1 January 2015), 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 upon 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 51 to 54, 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 whilst holding reserves at sufficient levels to maintain the underlying assets above a market value of £260 million.

On 31 March 2021 the reserves of the Group stood at £505.1 million (2020: £423.7 million). Nesta Trust provided funding to fulfil its charitable objectives, through activities carried out by Nesta, totalling £23.6 million (2020: £18 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 trustees are responsible for the management of risks within the Nesta Group. These are considered both organisationally and by activity.

i. Organisational risk:

The monitoring and implementation of the risk management framework and consideration of organisational risk is delegated to the Audit and Risk Committee (previously Finance and Audit Committee). All Nesta staff take part in a risk-forecasting exercise to identify, anticipate and mitigate risks. The results from this exercise are used by the Executive Team to develop a corporate risk register presented at the Audit and Risk Committee quarterly and the Board bi-annually. The Executive Team assigns mitigating actions and reviews progress against them every month.

The key controls in place include:

- 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.

One of the Group's main financial risks is the investment activity of Nesta Trust. Investment risk is managed with the support of our 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.

The majority of Nesta's Trust investments are externally managed by investment managers in pooled fund vehicles.

ii. Activity risk:

Nesta's mission is to bring bold ideas to life to change the world for good which requires experimentation and an element of risk-taking in its activities if it is to succeed. Accordingly the risk appetite is for 'managed risk-taking' rather than simple 'risk aversion'. Recognising that some activities or projects may fail to a greater or lesser extent and that such failure can be an important source of learning.

Trustees are satisfied that the major risks identified through risk management processes are being adequately managed, whilst recognising that any framework can provide reasonable but not absolute assurance. There were no material control weaknesses identified by trustees or management during the year.

The following organisational risks and uncertainties are considered the most significant and which include those associated with the adoption by Nesta of its new strategic plan:

- Reduced breadth of activities results in a loss of influence and inability to attract new partners thereby impacting on our ability to achieve demonstrable impact at scale.
- Culture shift and talent/skills resourcing is insufficient to deliver effectively on strategy.
- Lack of funding, whether external and/or arising from an extended period of poor investment returns, impacts adversely on ability to deliver effectively on strategy and results in necessity for securing external income for non-aligned work.
- One or more projects or partners attract public criticism which diminishes Nesta's reputation and its ability to advance its objects.

Objectives

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

1. To advance education, and in particular the study of innovation, by the promotion of research and the publication of the useful results thereof, in:
 - Science and technology
 - The arts
 - The efficiency of public services
 - The voluntary sector and social enterprise
 - Industry and commerce
2. To advance:
 - Science and technology
 - The arts
 - The efficiency of public services
 - The voluntary sector
 - Industry and commerce and social enterprise which
 - Relieves poverty
 - Relieves unemployment
 - Advances health
 - Advances environmental protection or improvement and sustainable development
 - Advances citizenship or community development
3. To advance any other purpose which is recognised as exclusively charitable under the laws of England and Wales and Scotland.

through, or by encouraging and supporting, innovation.

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.

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.

Sustainable development means 'development that meets the needs of the present without compromising the ability of future generations to meet their own needs'.

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 participants' 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.

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. These range from major grant programmes to challenge prizes to other projects looking for ways to improve public services, education, healthcare and the arts. Nesta undertakes and disseminates research to improve public understanding of innovation through its reports, events and digital

media, and provides training and tools to teach innovation skills to a variety of audiences.

Support is provided to private and for-profit companies only where this will further Nesta's charitable purposes for public benefit and where personal benefit is incidental to furthering those purposes. The potential for personal benefit is assessed on a case-by-case basis, through due diligence on potential investments, for example, and appropriate conditions are imposed to ensure this is incidental to furthering Nesta's charitable purposes. Grants and investments are closely monitored to ensure they continue to further Nesta's charitable purposes throughout the project.

The details of Nesta's purposes and objectives, and its strategies and achievements in pursuing these purposes and objectives, are set out on pages 7 to 25.

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 and the Nesta Trust, registered charity no. 1144091. 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 pages 74-75.

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. Sir John Gieve is Chair of the Board, which met seven times during the year with members of the Executive Team present. The Nesta Trust also has a Protector appointed by the Secretary of State for Business, Energy and Industrial Strategy with a fiduciary duty to ensure the integrity of administration of the Trust. The current Protector is James Sinclair Taylor.

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 Chief Executive, plus the Chief Operating Officer, Chief Programme Officer, Executive Director, Investment, Chief Finance Officer, General Counsel and Company Secretary, Chief Scientist, Chief Strategy Officer and Chief Partnerships Officer, all of whom report to the Chief Executive. A full list is given on page 75.

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 reports to the Board at each Board meeting. A list of trustee members for each of the Board committees is provided on page 74.

Here is a list of the main Board committees:

Finance and Audit Committee (recently renamed the 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. Grant Thornton are engaged to provide internal audit services to assist the Committee to monitor the effectiveness of internal control arrangements. The Committee met four times during the year.

Trust Investment Committee whose key responsibilities are to draw up the policies and objectives governing the investment of 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 four times during the year.

Venture Investment Committee which manages the Trust's portfolio of interests in early-stage companies and funds transferred from NESTA, manages programme-related and mixed-motive investments, and oversees any other NESTA Investment. The Committee met 12 times during the year.

People Committee whose key responsibilities are staff terms and conditions, and ensuring fair and appropriate remuneration and benefit policies. The Committee also manages the recruitment of new trustees and overseas appointments to other committees. The Committee met six times during the year.

Challenges Committee whose key responsibilities include regular monitoring and reviewing the performance and activities of NESTA Challenges, considering, advising, and scrutinising the scope, nature and impact of NESTA Challenges work and long-term objectives, and approval of all income and associated expenditure in NESTA Challenges above the level delegated by the Board. The Committee met three times during the year.

Thematic committees NESTA had five thematic committees at the start of the year – Health, Government Innovation, Innovation Policy, Education and Arts and Creative Economy – whose main purpose was to help NESTA to set clear objectives and impact measures in each field, to monitor progress and support executive teams to use their resources in the most effective way. These committees were disbanded in January 2021 as they were no longer required after the launch of NESTA's new strategy (see pages 7-8 for more detail).

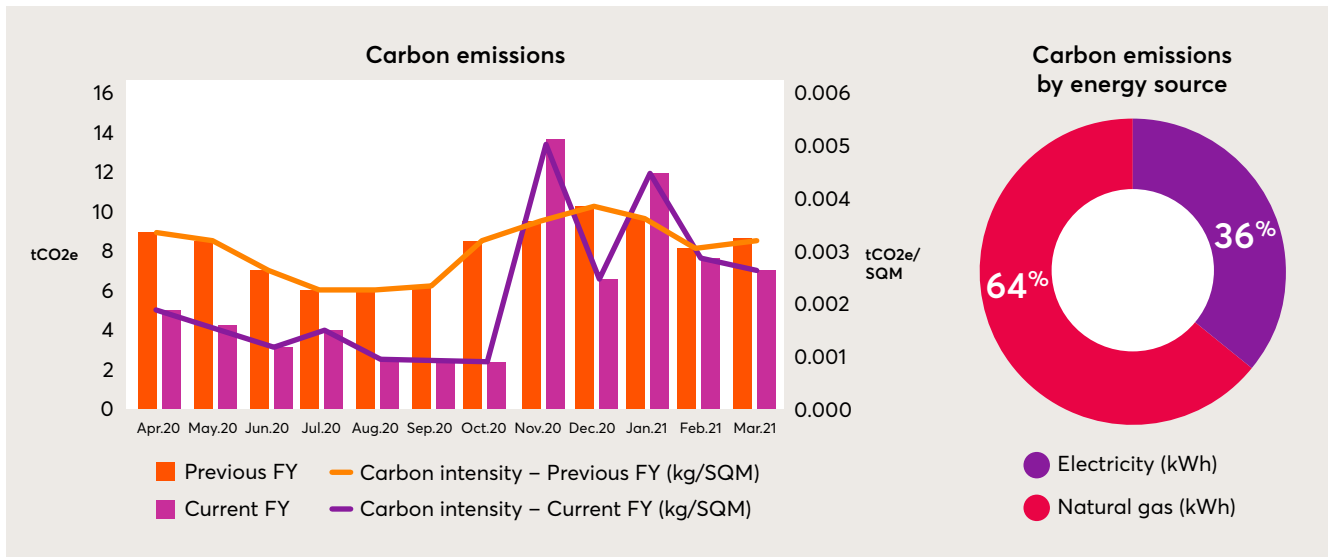
Mission Committees In March 2021, the Board approved the introduction of three advisory committees: A Sustainable Future Committee, a Fairer Start Committee and a Healthy Lives Committee. These committees' purpose is to provide advice and direction to the Missions and to actively participate in the shaping of initiatives and supporting staff to deliver the new Mission goals.

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.

Reporting category	Year ending March 2021	Year ending March 2020	Change
Energy consumption used to calculate emissions: (kWh)	354,705	449,664	-21%
Electricity	108,287	235,917	-54%
Natural gas	246,418	213,747	15%
Emissions from combustion gas (Scope 1) (tCO2e)	45	39	15%
Emissions from purchased electricity (Scope 2, location-based) (tCO2e)	25	59	-57%
Total gross tCO2e based on above	71	98	-28%
Intensity ratio: gross tCO2e/SQM	0.026	0.036	-28%
Emissions from purchased electricity (Scope 2, market-based factor) (tCO2e)	0	0	-
Carbon offsets (tCO2e)	0	0	-
Total annual net emissions (tCO2e)	45	39	15%
Additional intensity ratio: net tCO2e/SQM	0.017	0.014	15%



Methodology and estimates

The methodology used to calculate total energy consumption and carbon emissions has been extracted from invoice data for the financial year. 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. Gas is supplied to the whole building and there are no heat meters to enable the identification of each final customer's consumption. As such Nesta is responsible for all gas consumption in the building. No estimates have been used as we have access to 100 per cent actual data from the invoices. The Company does not own any vehicles and all travel is undertaken using public transport. Energy and fuel consumption has been converted

to carbon (kgCO2e) using 2019 DEFRA published conversion factors.

The Nesta building was BREEAM certified on construction in 2011 gaining an overall score of 70.5 per cent and a rating of excellent. Investigations have taken place on implementing improved lighting control across 95 per cent of the building to progressively illuminate instead of instantly lighting whole areas on entry. Implementing light level controls to switch lighting off when lighting level meets set point. Investigations have also taken place on implementing the use of heat pumps in conjunction with our HVAC to heat domestic hot water. Solar thermal gain is something we have also been investigating to reduce the energy required for cooling.

The Governance Code

Nesta's Board is committed to adopting the principles set out in the Charity Governance Code (the 'Code'). In accordance with good practice, Nesta has recently undertaken a governance review which is within the timeframes set by the Code. In any event, Nesta's governance structures are currently being reviewed and updated to ensure they continue to be best practice in light of our new strategy.

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 (amongst 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 objectives, scale and impact are achieved in part through relationships and having a positive influence on public policy for public benefit.

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
Beneficiaries	<ul style="list-style-type: none"> • Improving the lives of the people and communities that Nesta works with. • Making sure that our work benefits a significant section of the public. 	<ul style="list-style-type: none"> • Website, newsletters and direct communications. • Nesta events. • Via our partners, including our grant recipients, and the projects that we support. • Via grant recipient reporting.
Partners	<ul style="list-style-type: none"> • Nesta's partners are broad with varying interests and interactions with Nesta. From policy influence (from UK Government and opposition parties) to regional stakeholders to international, and from our funders to our grantees and projects. 	<ul style="list-style-type: none"> • Publication of research reports, articles and blogs. • One-to-one engagement on relevant issues. • Lobbying for change at a policy level. • Direct communications. • Partner feedback and insights sought on issues of relevance to that partner. • Website, newsletters and direct communications. • Twitter. • Nesta events.
Employees	<ul style="list-style-type: none"> • Succession planning. • Growth, training and development. • Diversity, inclusion and equality. • Fair and appropriate remuneration, benefits and conditions. 	<ul style="list-style-type: none"> • We receive feedback and seek to implement positive change through our employee represented Staff Forum and Diversity and Inclusion working group. • Intranet, staff newsletters and all-staff meetings. • Employee engagement survey. • Learning and development through our People team.
Regulators	<ul style="list-style-type: none"> • Maintaining strict governance procedures to ensure compliance with all applicable regulatory regime. 	<ul style="list-style-type: none"> • Timely submissions of all necessary filings and returns. • Self-reporting and engagement where appropriate. • Prompt and comprehensive response to requests for information if requested.
Investment managers	<ul style="list-style-type: none"> • Comprehensive view of the financial performance and sustainability of the endowment. • Engagement on ethical, social and governance factors. • Ability to maximise the overall return of the endowment. 	<ul style="list-style-type: none"> • Regular meetings, calls and correspondence with our investment managers. • Oversight from our Trust Investment Committee. • Via Nesta's external appointed investment advisers.

Key decisions in 2020/21

The table below sets out the key decisions taken by the Nesta Board in 2020/21 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.

Restructure to accommodate new strategy	In preparation of the launch of Nesta's new strategy, a two-phase restructure of the organisation was approved by the Board	Key considerations: <ul style="list-style-type: none"> • Change management and the impact on Nesta employees • Positive integration of new employees • Impact on current and future Nesta beneficiaries • How the restructure will enable Nesta to better achieve impact through the new strategy and continue to achieve its charitable objectives
Launch of new strategy and Missions	The Board approved the formal strategy and Missions launch which took place in February 2021	Key considerations: <ul style="list-style-type: none"> • External stakeholder engagement to explain new direction and engender support • Internal staff engagement to engender support and advocacy of new strategy • Ensure that the positive impact created through the new strategy and how it achieves Nesta's charitable objectives is clearly articulated

Remuneration policy

Nesta and its people

The Nesta Executive Team

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

Following the appointment of Ravi Gurumurthy as CEO and our organisational restructure and strategic review there have been a number of new Executive appointments:

- Samuel Hanes as Chief Operating Officer
- Matthew Seden as Chief Programme Officer
- Elspeth Kirkman as Chief Programmes Officer (supported in the interim by David Brown commencing 23 August 2021)
- Jenny Gibson as Chief Scientist (commencing 6 September 2021)
- Lisa Barclay as Executive Director, Investments

Full details of the current Executive Team are outlined on page 75.

Nesta's workforce has experienced significant change in 2020/21, not only related to the external impact of the COVID-19 pandemic and wholesale shift to 100 per cent remote working for much of the period due to lockdown but also as a result of the strategic review and organisational restructure that commenced in the autumn of 2020 and concluded in March 2021.

In March 2020, the Executive Team focused on Incident Management response to lead the organisation through an unprecedented pivot to lockdown working whilst also continuing to press on with the strategic review and restructuring activities.

As a direct result of the organisational restructure and strategic review, Nesta saw 32 employees accept voluntary redundancy. We had 60 new positions created as a result of our strategic realignment under our new Missions and practice areas, and the targeted recruitment campaign has seen overall Nesta headcount drop to 277 (down from 302 FTE in 2019/20). During the year Nesta did not use any HMRC furlough schemes to support staff pay.

Key people activities

- Finalising the new strategy for Nesta, approved by the Board in July 2020.
- Finalising an ambitious Equity, Diversity and Inclusion Strategy, that is now generating interest and attention across the third sector, approved by the Board in November 2020. We have boosted the focus on our EDI activities and strategy through recruitment of a full-time EDI lead who commenced her post in May 2021.
- Undertaking an organisation wide restructure, realigning our people across Mission teams, practices, legacy partnerships and corporate services.
- The launch of an externally benchmarked review of Nesta's pay and reward structure.
- Conceptualising and launching our new Nesta values.
- A Mission-focused recruitment campaign, recruiting 56 new joiners in the financial year.

People Plans for 2021/22

Following the appointment of a permanent People and Organisational Development Director in January 2021, the following goals for the next financial year have been developed and agreed with the Nesta People Committee.

We will be developing a performance appraisal methodology that applies a Nesta-wide approach to rating performance based upon the following principles:

- A new Nesta levelled competency framework.
- Consistent, fair and objective assessment.
- Data – with inputs including performance feedback, 180 degree feedback and project/team performance ratings.
- Group moderation in the presence of an inclusion conscience.
- Tech enabled via an online platform, ideally in an integrated HR information system.

We will be continuing our review to develop a levelled and externally benchmarked pay framework that is fit for purpose across all segments of the organisation, including revamping our flexible benefit scheme and updating our group pension plan to include more sustainable ESG options for our employees.

We will be implementing a new HR information system to ensure we have the appropriate technology in place to support people-related decision making and to automate and modernise a number of our people lifecycle activities.

We will be reviewing, refreshing and modernising all of our Nesta people policies to ensure they are attractive, inclusive and best in class for our sector. There will be a particular focus on how we support our employees to make hybrid working work for them and thrive in a new flexible working pattern as we adapt to a new way of working in the wake of the COVID-19 pandemic. In order to support our ambitions as a learning organisation we will also be embedding a new Learning and Development strategy and curriculum.

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 and we engage openly via internal collaboration tools on all pay related questions.

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 one per cent was made in April 2021 to reflect the economic impact of the COVID-19 pandemic, contraction of cost of living and pay decisions across similar organisations (April 2020: two per cent).

Any Individual above inflation employee pay awards or promotions are determined with reference to individual achievement against objectives, demonstrating Nesta values or where there have been substantial changes to a role. 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 (a total of two per cent in 2020/21). Given emphasis on equity, diversity and inclusion we attempted to ensure that above inflation awards and promotions across the organisation were proportional and representative across the protected characteristics of ethnicity and gender in this financial year. Further details on our gender pay gap can be found in our gender pay gap report.

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. We are undertaking an externally benchmarked review of our remuneration in 2021/22 and we are also reviewing our flexible benefits to ensure they are fit for purpose, competitive and reflect demand and changing needs across the organisation. Proposed changes and approval of budget for any recommendations arising from the review will be sought from the People Committee by December 2021 with a view to take effect in April 2022.

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 charity, and of the net income of the 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 charity's transactions, and disclose with reasonable accuracy, at any time, the financial position of the Group and charity, 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 21 September 2021, and signed on its behalf by:

DocuSigned by:
Sir John Gieve
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Sir John Gieve,
Chair of the Board of Trustees of Nesta

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

Opinion on the financial statements

In our opinion, the financial statements:

- Give a true and fair view of the state of the Group's and of the Parent Charitable Company's affairs as at 31 March 2021 and of the Group's incoming resources and application of resources for the year then ended.
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.
- Have been prepared in accordance with the requirements of 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 in 2010.

We have audited the financial statements of Nesta ('the Parent Charitable Company') and its subsidiaries ('the Group') for the year ended 31 March 2021 which comprise the consolidated statement of financial activities, the consolidated and Charity balance sheet, the consolidated cash flow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain independent of the Group and the Parent Charitable Company in accordance with the ethical requirements relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (FRC's) Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions related 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 and the 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 trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements,

we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report 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 trustees' report, which includes the directors' report and the strategic report prepared for the purposes of Company Law, for the financial year for which the financial statements are prepared is consistent with the financial statements.
- The strategic report and the directors' report, which are included in the trustees' report, have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and the Parent Charitable Company and its environment obtained in the course of the audit, we have not identified material misstatement in the Strategic report or the Trustee's report.

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

- Proper and adequate 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.
- The Parent Charitable Company financial statements are not in agreement with the accounting records and returns.
- Certain disclosures of Directors' remuneration specified by law are not made.
- 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 responsibilities of the trustees, 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 the 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 the 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

We have been appointed as 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 the Acts and relevant regulations made or having effect thereunder.

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

Based on our understanding of the Charity and the industry in which it operates, we identified that the principal laws and regulations that directly affect the financial statements to be the Companies Act 2006, Charities Act 2011 and Charities and Trustee Investment (Scotland) Act 2005. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

In addition, the Charity is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: employment law, data protection and health and safety legislation. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the trustees and other management and inspection of regulatory and legal correspondence if any.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

Audit procedures performed by the engagement team included:

- Discussions with management and internal audit, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud.
- Reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with HMRC, the Charity Commission for England and Wales and the Office of the Scottish Charity Regulator.
- Assessing the design and implementation of the control environment to identify any areas of material weakness to focus the design of our testing;

- Reviewing any items included in the Group's fraud and theft register;
- Challenging assumptions made by management in their significant accounting estimates in particular in relation to the valuation of unlisted investments and investment property; and
- In addressing the risk of fraud through management override of controls; testing the appropriateness of journal entries and other adjustments, in particular journals posted by senior management or with unusual account combinations.

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

Use of our report

This report is made solely to the Charitable Company's 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 the Charities and Trustee Investment (Scotland) Act 2005. Our audit work has been undertaken so that we might state to the Charitable Company's members and 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, the Charitable Company's members as a body and the Charitable Company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

Paul Clark

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Paul Clark (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, United Kingdom.

Date: 10/11/21

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Financial statements

Consolidated statement of financial activities for the year ended 31 March 2021

	Notes to the accounts	Unrestricted funds 2021 £'000	Restricted funds 2021 £'000	Expendable endowment 2021 £'000	Total funds 2021 £'000	Total funds *Restated 2020 £'000
Income and endowments from:						
Investment income	2	187	-	7,697	7,884	10,124
Charitable activities	3	1,899	14,988	-	16,887	25,267
Other trading activities	4	2,900	1,599	-	4,499	7,442
Other income	5	6,654	-	-	6,654	6,751
Total income		11,640	16,587	7,697	35,924	49,584
Less share of joint venture's turnover		(6,330)	-	-	(6,330)	(6,237)
Total group income		5,310	16,587	7,697	29,594	43,347
Expenditure on:						
Raising funds						
Trading activities		721	1,221	-	1,942	3,893
Investment management costs	6	9	-	833	842	1,151
Total expenditure on raising funds		730	1,221	833	2,784	5,044
Charitable activities						
Committed programme delivery	7	9,503	9,106	199	18,808	23,638
Investments	7	(823)	-	(9)	(832)	4,911
Missions	7	558	-	6	564	-
Practices	7	2,236	491	29	2,756	2,315
Enterprises	7	7,762	5,108	138	13,008	11,284
Total expenditure on charitable activities		19,236	14,705	363	34,304	42,148
Total expenditure		19,966	15,926	1,196	37,088	47,192
Net (expenditure)/income before investment (losses)/gains		(14,656)	661	6,501	(7,494)	(3,845)
Net gains/(losses) on investments	10	-	-	88,672	88,672	(27,480)
Net (expenditure)/income		(14,656)	661	95,173	81,178	(31,325)
Share of profits in joint venture		279	-	-	279	346
Transfers between funds		26,975	1,161	(28,136)	-	-
Net income/(expenditure) before other recognised gains		12,598	1,822	67,037	81,457	(30,979)
Other recognised gains						
Foreign exchange (losses)/gains		-	-	(55)	(55)	36
Net movement in funds for the year		12,598	1,822	66,982	81,402	(30,943)
Reconciliation of funds						
Total funds brought forward	22	9,433	22,696	391,605	423,734	454,677
Total funds carried forward		22,031	24,518	458,587	505,136	423,734

* The charitable expenditure breakdown has been restated for 2020 to reflect the new headings in 2021 in line with Nesta's new strategy. There is no change in the comparative total income or expenditure.

A summary income and expenditure account is presented in Note 17 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 42 to 73 form part of these accounts.

No separate Statement of Financial Activities has been presented for Nesta as permitted by section 408 of the Companies Act 2006.

Consolidated balance sheet as at 31 March 2021

Company number: 07706036

	Notes to the accounts	Group 2021 £'000	Parent Charity 2021 £'000	Group 2020 £'000	Parent Charity 2020 £'000
Fixed assets					
Tangible assets	9	25,199	521	25,729	656
Investments:					
Investments – quoted and unquoted	10	428,596	-	363,983	-
Programme-related investments	11a	19,008	15,817	11,817	8,759
Programme-related investment in joint venture – share of net assets/costs	11b	2,012	6,000	1,733	3,000
Total fixed assets		474,815	22,338	403,262	12,415
Current assets					
Debtors	12	22,008	22,794	18,536	21,135
Bank and cash		24,004	9,434	15,424	6,405
Current asset investment		-	-	5,000	5,000
Total current assets		46,012	32,228	38,960	32,540
Current liabilities					
Creditors – amounts falling due within one year	13	(7,107)	(10,852)	(11,845)	(16,376)
Net current assets		38,905	21,376	27,115	16,164
Total assets less current liabilities		513,720	43,714	430,377	28,579
Creditors – amounts falling due after more than one year	13	(8,584)	(743)	(6,643)	(480)
Net assets		505,136	42,971	423,734	28,099
Charitable funds					
Expendable endowment funds	15a	458,587	-	391,605	-
General funds	15a	20,019	18,813	7,700	5,755
Total charitable unrestricted funds		478,606	18,813	399,305	5,755
Restricted funds	15b	24,518	24,158	22,696	22,344
Total charitable funds		503,124	42,971	422,001	28,099
Funds retained within non-charitable joint ventures	15a	2,012	-	1,733	-
Total funds		505,136	42,971	423,734	28,099

Total net surplus for the year of Nesta, the parent charity, was £14,871,000 (2020: £6,992,000).

The notes on pages 42 to 73 form part of these accounts.

Approved by the Board of Trustees and authorised for issue on 21 September 2021 and signed on its behalf by Sir John Gieve, Chair of the Board of Trustees.

DocuSigned by:

 4A1ED3BB8A5744A...
Sir John Gieve,
Chair of the Board of Trustees of Nesta

Consolidated cash flow statement for the year ended 31 March 2021

	Note	Group 2021 £'000	Group 2020 £'000
Cash flows from operating activities			
Net cash generated used in operating activities	(a)	(23,292)	(15,236)
Cash flows from investing activities			
Net cash inflows from investing activities	(b)	26,940	8,294
Cash flows from financing activities			
Net cash (outflows)/inflows from financing activities	(c)	(13)	(19)
Change in cash and cash equivalents in the reporting period		3,635	(6,961)
Cash and cash equivalents at the beginning of the reporting period		20,424	27,349
Change in cash and cash equivalents due to exchange rate movements		(55)	36
Cash and cash equivalents at the end of the reporting period		24,004	20,424
Cash flow statement notes			
(a) Reconciliation of net income to net cash flow from operating activities			
Net (expenditure)/income for the reporting period (as per consolidated statement of financial activities)		81,178	(31,325)
Depreciation charges		674	682
Unrealised (gains)/losses from investments		(88,671)	29,518
Revaluation of investments		(3,175)	2,685
Dividends, interest and rents from investments		(7,811)	(9,945)
Interest from investments		(73)	(179)
Interest paid and bank charges		13	19
Investment fees		842	1,150
(Increase) in debtors		(3,472)	(4,896)
(Decrease) in creditors		(2,797)	(2,945)
		(23,292)	(15,236)
(b) Cash flows from investing activities			
Dividends, interest and rents from investments		7,811	9,945
Interest from investments		73	179
Investment fees		(842)	(1,151)
Purchase of property, plant and equipment		(144)	(180)
Purchase of quoted investments		(77,400)	(52,426)
Purchase of unquoted investments		(586)	(10,058)
Purchase of programme-related investments		(4,737)	(5,929)
Proceeds from sale or maturity of quoted investments		95,545	56,703
Proceeds from sale or maturity of unquoted investments		6,499	9,583
Proceeds from sale of programme-related investments		721	1,628
		26,940	8,294
(c) Cash flows from financing activities			
Interest paid and bank charges		(13)	(19)
		(13)	(19)

Consolidated cash flow for the year ended 31 March 2021 (continued)

Analysis of changes in net debt

	At start of year £'000	Cashflows £'000	Foreign exchange movements £'000	At end of year £'000
Bank and cash	15,424	8,635	(55)	24,004
Current asset investment	5,000	(5,000)	-	-
	20,424	3,635	(55)	24,004

Included in cash and cash equivalents of £24,004,000 (2020: £20,424,000) is a balance of £6,308,000 (2020: £8,819,000) which is restricted for use for specific projects. Cash equivalents represent current investment assets totalling £nil (2020: £5,000,000).

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) (second edition – October 2019)' issued by the Charity Commission; and (iii) Companies Act 2006.

b. Basis of consolidation

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

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. 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 14.

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 11b.

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.

No separate Statement of Financial Activities has been presented for Nesta as permitted by section 408 of the Companies Act 2006.

c. 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.

d. Income

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

The income breakdown in Note 3 has been restated for 2020 to reflect the new headings in 2021 in line with Nesta's new strategy.

Grant income is recognised in the Consolidated Statement of Financial Activities when the charity 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 conditions have been satisfied.

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 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.

e. Expenditure

Expenditure is accounted for on an accruals basis.

The charitable expenditure breakdown has been restated for 2020 to reflect the new headings in 2021 in line with Nesta's new strategy.

Expenditure on raising funds is incurred on non-primary purpose trading activities of the trading subsidiary Nesta Enterprises Limited as well as investment management costs which include 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.

Expenditure on charitable activities is incurred in pursuit of the Group's charitable objects and is reported as a functional analysis of the work undertaken. The categories defined by the trustees for the purposes of organisational management are – Committed Programme Delivery; Investments; Missions; Practices and Enterprises. Previously, these were – Programmes; Investment (early-stage and social impact) management; Research, Policy and Analysis; Skills; and FutureFest.

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 Nesta's investment valuation policies.

Commitments or approvals to fund specific projects not yet signed by Nesta are disclosed by way of note (see note 19).

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.

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.

f. 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.

g. 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 assets	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

h. 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.

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.

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 by an independent external property valuer. The proportion of the investment property that is leased to the charity 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.

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 19.

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.

i. a. 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.

b. Investment assets – Arts Impact investments

Arts Impact 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. Arts Impact 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.

c. Investment assets – mixed motive

Mixed motive investments are held at cost, less any provision for diminution in value, as Nesta is unable to obtain a reliable estimate of fair value. Any diminution or impairment in value is charged to the consolidated statement of financial activities under charitable activities.

d. 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 for Nesta single entity and eliminated on consolidation.

j. 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 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.

The investment property 58 Victoria Embankment was revalued at the year end by an independent qualified property valuer.

Investment assets are valued on an asset by asset basis, and in each case a prudent approach is taken.

k. 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 Nesta 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.

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.

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).

l. 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.

m. 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.

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

n. 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.

o. 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.

p. 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).

q. Going concern

The trustees are not aware of a specific or general event which would change the charity's status as a going concern.

As Nesta is able to draw down cash from Nesta Trust as required within the approved funding envelope, as well as the Group's strong net asset position, the trustees have concluded that there is a reasonable expectation that the Group has adequate resources to continue activities for the foreseeable future and have therefore adopted the going concern basis in preparing the financial statements.

r. 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.

s. Current asset investments

Current asset investments are cash deposits which are expected to be 'utilised' or 'mature' within 12 months and are measured at fair value.

2. Investment income

	Group 2021 £'000	Group 2020 £'000
<i>Quoted investments:</i>		
Interest and dividends receivable	7,000	8,780
Total income from quoted investments	7,000	8,780
<i>Unquoted investments:</i>		
Interest and dividends receivable	811	1,165
Total income from unquoted investments	811	1,165
Bank interest	73	179
Total investment income	7,884	10,124

3. Income from charitable activities

	Funding from government bodies 2021 £'000	Funding from non-government bodies 2021 £'000	Other charitable activity income 2021 £'000	Group total 2021 £'000	Funding from government bodies 2020* £'000	Funding from non-government bodies 2020* £'000	Other charitable activity income 2020* £'000	Group total 2020* £'000
Committed programme delivery	Note 3a 202	4	91	297	8,262	603	769	9,634
Investments	-	-	228	228	-	24	137	161
Practices	-	176	138	314	184	701	166	1,051
Enterprises	10,973	3,000	1,417	15,390	5,689	3,259	4,258	13,206
Other	-	195	463	658	-	360	855	1,215
Total income from charitable activities	11,175	3,375	2,337	16,887	14,135	4,947	6,185	25,267

* The income breakdown has been restated for 2020 to reflect the new headings in 2021 in line with Nesta's new strategy.

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

3a. Funding from government bodies

	Group 2021 £'000	Group 2020 £'000
Arts and Humanities Research Council	269	-
Arts Council of Wales	438	67
British Council	2	-
Cabinet Office	-	(437)
Creative England	24	-
Department for Business, Energy and Industrial Strategy	-	901
Department for Business, Energy and Industrial Strategy	(155)	-
Department for Digital, Culture Media and Sport	2	-
Department for Digital, Culture, Media and Sport	-	5,245
Department for Education	-	6,705
Economic and Social Research Council	13	82
Government of Canada	10,964	-
HM Treasury	-	1,572
Innovate UK	150	-
Intellectual Property Office	17	-
Welsh Government	(549)	-
Total restricted funding from government bodies	11,175	14,135

Negative income relates to grant conditions Nesta has not been able to fulfil and so have been returned to funder.

4. Income from other trading activities

	Group 2021 £'000	Group 2020 £'000
Rental income	1,691	1,884
Income from trading		
Consultancy	1,921	3,367
Challenge prizes	827	1,681
Venue hire and other	60	510
Total income from other trading activities	4,499	7,442

5. Other income

	Group 2021 £'000	Group 2020 £'000
Impact fund management fees	324	324
Events and workshops fees	-	165
Returns on legacy investments	-	25
Share of income from joint ventures	6,330	6,237
Total other income	6,654	6,751

6. Investment management costs

	Group 2021 £'000	Group 2020 £'000
Investment manager fees	777	1,086
Custodian fees	65	65
Total investment management costs	842	1,151

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

7. Charitable activities

	Grant- making 2021 £'000	Non-grant direct cost 2021 £'000	Allocated support costs 2021 £'000	Group total 2021 £'000	Grant- making 2020* £'000	Non-grant direct cost 2020* £'000	Allocated support costs 2020* £'000	Group total 2020* £'000
	Note 7b		Note 7a					
Committed programme delivery	5,171	8,372	5,265	18,808	5,160	13,173	5,305	23,638
Investments	-	(1,655)	823	(832)	-	4,315	596	4,911
Missions	-	458	106	564	-	-	-	-
Practices	168	1,557	1,031	2,756	112	1,499	704	2,315
Enterprises	3,386	4,455	5,167	13,008	2,450	4,601	4,233	11,284
Total charitable activities	8,725	13,187	12,392	34,304	7,722	23,588	10,838	42,148

* The expenditure breakdown has been restated for 2020 to reflect the new headings in 2021 in line with Nesta's new strategy.

Negative expenditure above arises from upward valuation of programme related investments.

7a. Support costs

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

	Support staff costs 2021 £'000	Premises, technology and other costs 2021 £'000	Governance 2021 £'000	Group total 2021 £'000	Support staff costs 2020* £'000	Premises, technology and other costs 2020* £'000	Governance 2020* £'000	Group total 2020* £'000
Committed Programme Delivery	2,212	2,802	251	5,265	1,467	3,525	313	5,305
Investments	506	291	26	823	255	313	28	596
Missions	3	95	8	106	-	-	-	-
Practices	642	357	32	1,031	367	310	27	704
Enterprises	3,399	1,622	146	5,167	2,756	1,356	121	4,233
Total support costs	6,762	5,167	463	12,392	4,845	5,504	489	10,838

* The expenditure breakdown has been restated for 2020 to reflect the new headings in 2021 in line with Nesta's new strategy.

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

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

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 2021 £'000	External/ Nesta funded	Programme
Flintshire County Council	1,150	External	Y Lab – Innovate to Save
Saffron Interactive	250	External	CareerTech Challenge Fund
CENTURY Tech	250	External	CareerTech Challenge Fund
Sopra Steria	250	External	CareerTech Challenge Fund
Coventry University	248	External	CareerTech Challenge Fund
MyKindaFuture	241	External	CareerTech Challenge Fund
The Open University	239	External	CareerTech Challenge Fund
City of Glasgow College	205	External	CareerTech Challenge Fund
Digital Mums	200	External	CareerTech Challenge Fund
Nesta Italia	181	Nesta funded	Business Development
Wizenoze	146	External	CareerTech Challenge Fund
Turn2us	125	External	Rapid Recovery Challenge
Prosper 4 Group Limited	125	External	Rapid Recovery Challenge
IncomeMax	125	External	Rapid Recovery Challenge
Evenbreak	125	External	Rapid Recovery Challenge
City & Guilds	125	External	Rapid Recovery Challenge
UK Youth	125	External	Rapid Recovery Challenge
Hastee	125	External	Rapid Recovery Challenge
Sort Holdings Ltd	125	External	Rapid Recovery Challenge
Capital Enterprise	125	External	Rapid Recovery Challenge
NestEgg	125	Nesta funded	Rapid Recovery Challenge

7b. Grants (continued)

Recipient	Grants to institutions 2021 £'000	External/ Nesta funded	Programme
Udrafter Ltd	125	Nesta funded	Rapid Recovery Challenge
Policy in Practice	125	Nesta funded	Rapid Recovery Challenge
Money Dashboard	125	Nesta funded	Rapid Recovery Challenge
Beam	125	Nesta funded	Rapid Recovery Challenge
ACH Group	120	External	CareerTech Challenge Prize
Schools Partnership Tutors	100	External	National Tutoring Programme
FFT Education Datalab	100	External	National Tutoring Programme
Manning's Tutors Ltd	99	External	National Tutoring Programme
The Brilliant Club	92	External	National Tutoring Programme
Learning with Parents	85	External	EdTech Innovation Fund
Sumdog	85	External	EdTech Innovation Fund
Do It Now Now	85	External	Rapid Recovery Challenge
The Big Issue	85	External	Rapid Recovery Challenge
Bradford Moor PASS	84	Nesta funded	Neighbourhood Challenge
Would You Rather Be Ltd	80	External	CareerTech Challenge Prize
Pobble	70	External	EdTech Innovation Fund
Texthelp	70	External	EdTech Innovation Fund
MEI	70	External	EdTech Innovation Fund
Youth Federation	60	External	Rapid Recovery Challenge
The RCJ & Islington Citizens Advice Bureau	50	External	Legal Access Challenge
Access Social Care	50	External	Legal Access Challenge
TalentED Education	50	External	National Tutoring Programme
Economic Modelling UK Ltd	50	External	CareerTech Challenge Prize
CareerEar	50	External	CareerTech Challenge Prize
MiFuture	50	External	CareerTech Challenge Prize
Avora Ltd	50	External	CareerTech Challenge Prize
Grofar Ltd	50	External	CareerTech Challenge Prize
Adhunter Ltd	50	External	CareerTech Challenge Prize
Sort Holdings Ltd	50	External	CareerTech Challenge Prize
Stay Nimble	50	External	CareerTech Challenge Prize
DMH and Associates Ltd	50	External	CareerTech Challenge Prize
Would You Rather Be Ltd	50	External	CareerTech Challenge Prize
Attain Oxford	50	External	CareerTech Challenge Prize
Twelve Two Ltd	50	External	CareerTech Challenge Prize
ACH Group	50	External	CareerTech Challenge Prize
Yuno Technologies	50	External	CareerTech Challenge Prize
Nerds with Words Ltd	50	External	CareerTech Challenge Prize
Learnisa Ltd	50	External	CareerTech Challenge Prize
FutureFit AI (UK) Ltd	50	External	CareerTech Challenge Prize
Devon County Council	50	External	CareerTech Challenge Prize
PDMS	50	External	CareerTech Challenge Prize
Grants below £50,000 (number of grants to institutions 199)	1,638		
Grants cancelled in the year	(408)		
Total grants	8,725		

Grants committed in 2020

Recipient	Grants to institutions 2020 £'000	External/ NESTA funded	Programme
Capital Credit Union Ltd	350	External	Affordable Credit Challenge
Fair For You	350	External	Affordable Credit Challenge
Serve and Protect Credit Union	350	External	Affordable Credit Challenge
Mid & West Wales Fire and Rescue Service	297	External	Innovate to Save
Social Innovation Camp	207	External	Future News Fund
Game Academy	175	External	CareerTech Challenge Prize
Central Liverpool Credit Union	150	External	Affordable Credit Challenge
Hoot Credit Union	150	External	Affordable Credit Challenge
Salad Money	150	External	Affordable Credit Challenge
Agent Academy CIC	150	External	CareerTech Challenge Prize
Chayn	125	External	Tech to Connect
Pobble	100	External	EdTech Innovation Fund
Mangahigh	100	External	EdTech Innovation Fund
Bolton College	100	External	EdTech Innovation Fund
Firefly Learning	100	External	EdTech Innovation Fund
H & A Learning Ltd	100	External	EdTech Innovation Fund
Seneca Learning	100	External	EdTech Innovation Fund
Studybugs	100	External	EdTech Innovation Fund
Edval Education Ltd	100	External	EdTech Innovation Fund
Mirthy	100	External	Tech to Connect
The Chatty Café Scheme	100	External	Tech to Connect
University of Oxford	100	External	EdTech Innovation Fund
Enabling Enterprise	100	External	EdTech Innovation Fund
Educake	99	External	EdTech Innovation Fund
Engagement in Education	90	External	EdTech Innovation Fund
Texthelp	87	External	EdTech Innovation Fund
Axate	70	External	Future News Fund
Black Ballad	70	External	Future News Fund
mySociety	70	External	Future News Fund
Courtdesk	70	External	Future News Fund
openDemocracy	70	External	Future News Fund
Media Trust	65	External	Future News Fund
No More Marking Ltd	64	External	EdTech Innovation Fund
#ThisMuchIKnow News	60	External	Future News Fund
PX HealthCare Ltd	60	External	Digital Health Scotland
Pharmatics Ltd	60	External	Digital Health Scotland
The Foundation for Positive Mental Health	60	Internal	Future Ready Fund
Voice 21	60	Internal	Future Ready Fund
Empathy Lab	56	Internal	Future Ready Fund
Purple Shoots Business Lending Ltd	50	External	Enhancing Impact Fund
Restart Project	50	External	Enhancing Impact Fund
South London and Maudsley NHS Foundation Trust	50	External	Enhancing Impact Fund
St. Joseph's Hospice Hackney	50	External	Enhancing Impact Fund
Doteveryone	50	External	Legal Access Challenge
Formily	50	External	Legal Access Challenge
The RCJ & Islington Citizens Advice Bureau	50	External	Legal Access Challenge
Resolve Disputes Online	50	External	Legal Access Challenge
Solomonic Ltd	50	External	Legal Access Challenge
Glow	50	External	Legal Access Challenge

Grants committed in 2020 (continued)

Recipient	Grants to institutions 2020 £'000	External/ Nesta funded	Programme
Mencap	50	External	Legal Access Challenge
Organise	50	External	Legal Access Challenge
Glimpse Protocol Limited	50	External	Future News Fund
Tortoise Media	50	External	Future News Fund
WT.Social	50	External	Future News Fund
Entale	50	External	Future News Fund
Original Content London Limited	50	Nesta funded	Lab General
NatCen Social Research	68	External	What Works Centre for Children's Social Care
Coram	56	External	What Works Centre for Children's Social Care
University of Chicago Booth School of Business	50	External	Innovation Growth Lab
CEI Global UK Limited	50	External	What Works Centre for Children's Social Care
Grants below £50,000 (number of grants to institutions 112)	1,907		
Grants cancelled in the year	(24)		
Total grants	7,722		

There were no grants made to individuals in the years 2021 or 2020.

7c. Auditor's fees

	Group 2021 £'000	Group 2020 £'000
External audit	77	61
Internal audit	63	39
Other assurance services	4	8
Tax advisory services	23	17
Total auditor fees	167	125

External audit fees incurred for Nesta, the parent charity, were £39,850 (2020: £31,000) excluding VAT.

External audit fees and tax advisory services were payable to external auditors.

8. Employees for parent and Group

8a. Staff costs

	Group 2021 £'000	Group 2020 £'000
Salaries and emoluments of directly employed staff	13,965	13,997
Social security costs	1,528	1,551
Pension costs	1,413	1,448
Agency/temporary staff costs	260	188
Other staff costs*	710	143
Total	17,876	17,327

*During the year, there were redundancy payments totalling £647,503 (2020: £142,504) as a result of restructuring.

8b. Staff numbers

The following shows average headcount staff numbers during the year.

	Group 2021	Group 2020
Committed programme delivery	62	66
Investments	14	12
Missions	–	–
Practices	18	17
Enterprises	96	124
Support	87	87
Total	277	306

The average full time equivalent for 2021 is 265 (2020: 289).

* The staff numbers breakdown has been restated for 2020 to reflect the new headings in 2021 in line with Nesta's new strategy.

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 2021	Group 2020
£60,000 – £69,999	31	21
£70,000 – £79,999	9	16
£80,000 – £89,999	7	8
£90,000 – £99,999	8	5
£100,000 – £109,999	8	1
£110,000 – £119,999	1	1
£120,000 – £129,999	1	2
£130,000 – £139,999	1	1
£160,000 – £169,999	1	-
£210,000 – £219,999	1	-

Of staff with remuneration over £60,000, 64 (2020: 51) are members of Nesta's defined contribution pension scheme. Employer contributions to the scheme related to staff in these salary ranges during the year were £523k (2020: £440k).

8d. Key management personnel

The annual salaries (including benefits and any bonuses) of the Executive Team for the year ended 31 March 2021 totalled £1,235k (2020: £1,165k). The Executive Team are considered to be key management personnel.

The Executives are entitled to the same flexible benefits and pension scheme as all staff. Nesta offers a defined contribution pension scheme with the contribution from Nesta ranging from a minimum of 8 per cent up to 12 per cent of salary, depending on the level of contributions made by the employee. Employer pension contributions for executives amounted to £123k (2020: £131k) for the year. Employer National Insurance contributions were £129k (2020: £140k).

8e. Pensions

Nesta offers employees 8 per cent up to 12 per cent 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 £1,413k (2020: £1,448k), including outstanding contributions of £131k (2020: £195).

8f. Trustee remuneration

None of the trustees received remuneration for performance of their role as trustees during the year. Travel expenses of £nil (2020: £157, one trustee) were reimbursed during the year.

9. Tangible fixed assets

Group fixed assets

	Leasehold asset £'000	Plant and machinery £'000	Computer hardware £'000	Computer software £'000	Fixtures and fittings £'000	Group total £'000
Cost						
Opening balance	23,243	3,405	974	298	553	28,473
Additions	-	-	76	67	1	144
	23,243	3,405	1,050	365	554	28,617
Depreciation						
Opening balance	628	947	779	81	309	2,744
Charge for the year	157	238	105	64	110	674
	785	1,185	884	145	419	3,418
Net book value 2021	22,458	2,220	166	220	135	25,199
Net book value 2020	22,615	2,458	195	217	244	25,729

Parent charity fixed assets

	Computer hardware £'000	Computer software £'000	Fixtures and fittings £'000	Parent charity total £'000
Cost				
Opening balance	974	298	553	1,825
Additions	76	67	1	144
	1,050	365	554	1,969
Depreciation				
Opening balance	779	81	309	1,169
Charge for the year	105	64	110	279
	884	145	419	1,448
Net book value 2021	166	220	135	521
Net book value 2020	195	217	244	656

10. Investments

Category	Market/fair value at 1 April 2020 £'000	Additions at cost £'000	Maturities, proceeds and disposals at market value £'000	Net gains and losses £'000	Group total market/fair value at 31 March 2021 £'000
Fixed asset investments					
<i>Quoted investments</i>					
Global equities	214,344	67,852	(91,976)	81,257	271,477
Fixed income	35,054	2,118	-	5,688	42,860
Bonds	39,180	5,431	(3,569)	1,070	42,112
Total quoted investments	288,578	75,401	(95,545)	88,015	356,449
<i>Unquoted investments</i>					
Managed funds					
Private equity funds	7,693	217	(1,624)	(668)	5,618
Mixed motive investments					
Investment in early-stage companies	17,106	369	(3,001)	(650)	13,824
Investment in early-stage funds	3,430	-	(1,874)	2,958	4,514
Total unquoted investments	28,229	586	(6,499)	1,640	23,956
Investment properties	47,176	1,998	-	(983)	48,191
Total investments	363,983	77,985	(102,044)	88,672	428,596

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

As at 31 March 2021, total cash and investment assets held by the Nesta Trust totalled £468 million (2020: £398 million). Refer also to the Investment Review on pages 22 to 24 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 per cent of the property represents investment property to the Group. The remaining 48.7 per cent is used by the Group and included within leasehold asset in Note 9.

The investment property 58 Victoria Embankment was revalued at the year end by an independent qualified property valuer. In the prior year, due to the market dislocation caused by the outbreak of COVID-19 the Royal Institute of Chartered Surveyors provided guidance to surveyors to state that all valuation reports should refer to the 'material uncertainty' relating to the assumptions applied to the valuation methodologies. There is no such material uncertainty in the current year.

As part of the balanced portfolio held by Nesta Trust is an investment in a property related fund valued at £17 million (2020: £16 million). In the prior year, the fund manager had been notified by their external valuers that they were unable to value its assets at 31 March 2020 without inserting a 'material uncertainty' provision in the valuation certificate. This was due to the effective closure of the commercial property investment market by the measures being taken to prevent the spread of COVID-19. Following consultation with the Fund's Corporate Trustee and Investors' Committee, the Manager had suspended all dealings in the Fund which meant there was no published BID price as at 31 March 2020. As a result of this, the fund was valued as the last available published bid price from 29 February 2020 of 86.07 p.p.u. There is no such material uncertainty in the current year.

10. Investments (continued)

Investment assets consist of the following

	Market/fair value at 31 March 2021 £'000	Market/fair value at 31 March 2020 £'000	Percentage of 2021 portfolio %	Percentage of 2020 portfolio %
UK quoted – Equities	39,100	30,753	9	8
UK quoted – Fixed Income & Bonds	42,112	39,180	10	11
Overseas quoted – Equities	232,377	183,591	54	50
Overseas quoted – Fixed Income & Bonds	42,860	35,054	10	10
UK unquoted	18,338	20,536	4	6
Overseas unquoted	5,618	7,693	1	2
UK investment property	48,191	47,176	11	13
	428,596	363,983	100%	100%

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

	Group total gain/loss March 2021 £'000	Group total gain/loss March 2020 £'000
Quoted investments	88,014	(28,771)
Unquoted investments	657	1,291
	88,671	(27,480)

11. Programme-related investments

11a. Programme-related investments – Group and charity

	Group total value 1 April 2020 £'000	Reclassification £'000	Additions £'000	Disposals £'000	Revaluations £'000	Group total value 31 March 2021 £'000
<i>Investment type:</i>						
Equity	7,259	(1,390)	3,551	-	2,920	12,340
Unsecured loan	4,558	1,390	1,186	(721)	255	6,668
Total	11,817	-	4,737	(721)	3,175	19,008

	Parent charity total value 1 April 2020 £'000	Reclassification £'000	Additions £'000	Disposals £'000	Revaluations £'000	Parent charity total value 31 March 2021 £'000
<i>Investment type:</i>						
Equity	7,744	(6,904)	-	-	-	840
Unsecured loan	1,015	6,904	4,535	(295)	2,818	14,977
Total	8,759	-	4,535	(295)	2,818	15,817

11b. 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 gross assets 2021 £'000	Group share of gross assets 2020 £'000
Behavioural Insights Ltd	UK	Ordinary	30%	31 March	A social purpose consultancy company	2,012	1,733

	Parent charity total value 1 April 2020 £'000	Additions £'000	Repayments £'000	Revaluation £'000	Parent charity total value 31 March 2021 £'000
<i>Investment type:</i>					
Equity	3,000	-	-	3,000	6,000
Total	3,000	-	-	3,000	6,000

12. Debtors

	Group 2021 £'000	Parent 2021 £'000	Group 2020 £'000	Parent 2020 £'000
<i>Amounts falling due within one year:</i>				
Trade debtors	1,436	1,337	1,775	1,579
Amounts due from subsidiaries	-	556	-	1,716
Accrued income	10,917	11,640	12,085	12,477
Prepayments	396	1,078	606	1,303
Other debtors	1,151	75	88	78
Total debtors falling due within one year	13,900	14,686	14,554	17,153
<i>Amounts falling due after more than one year:</i>				
Accrued income	8,108	8,108	3,982	3,982
Total debtors falling due after more than one year	8,108	8,108	3,982	3,982
Total debtors	22,008	22,794	18,536	21,135

13. Creditors

	Group 2021 £'000	Parent 2021 £'000	Group 2020 £'000	Parent 2020 £'000
<i>Amounts falling due within one year:</i>				
Trade creditors	593	493	1,423	1,261
Amounts due to subsidiaries	-	1	-	876
Amounts due to joint ventures	3	3	54	54
Accruals	1,407	5,356	1,740	5,841
Deferred income	1,412	1,507	1,178	1,374
Grant creditors	2,921	2,862	6,743	6,404
Other tax and social security	457	320	495	362
Other creditors	314	310	212	204
Total creditors falling due within one year	7,107	10,852	11,845	16,376
<i>Amounts falling due after more than one year:</i>				
Grants creditors	743	743	480	480
Trade and other payables	7,841	-	6,163	-
Total creditors falling due after more than one year	8,584	743	6,643	480
Total creditors	15,691	11,595	18,488	16,856

13. Creditors (continued)

Analysis of deferred income

	Group 2021 £'000	Parent 2021 £'000	Group 2020 £'000	Parent 2020 £'000
At 1 April	1,178	1,374	1,511	267
Prior year deferred income released during the year	(1,178)	(1,374)	(1,511)	(267)
Income deferred in the year	1,412	1,507	1,178	1,374
At 31 March	1,412	1,507	1,178	1,374

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 £721k (2020: £819k) 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 (2020: £35k) on behalf of the consortium which is included within restricted deferred income.

14. Subsidiaries

Organisation name	Country of registration and registered charity/ company number	Class of ownership	Parent interest	Share capital held	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%	£1	A charitable trading company
Nesta GP Limited	United Kingdom company number 08231985	Ordinary	100%	£1	General partner in the Nesta Impact Investments 1 Limited Partnership Fund
Nesta PRI Limited	United Kingdom company number 08232090	Ordinary	100%	£1	Limited partner in the Nesta Impact Investments 1 Limited Partnership Fund
Cultural Impact Development Loans Limited	United Kingdom company number 11388464	Ordinary	100%	£1	Financial support for arts organisations
Nesta Partners Limited	United Kingdom company number 06618114	Ordinary	100%	£1	Partner in Nesta Investment Management LLP and Nesta Arts Impact LLP
NII GP2 Limited	United Kingdom company number 10710378	Ordinary	100%	£1	(Dormant) General Partner
Nesta Investment Management LLP	United Kingdom company number OC338038	Limited Liability Partnership	-	-	Investment manager funds
Nesta Arts Impact LLP	United Kingdom company number OC396102	Limited Liability Partnership	-	-	Financial support for arts organisations
Nesta Arts and Culture Impact LLP	United Kingdom company number OC423779	Limited Liability Partnership	-	-	Financial support for arts and culture organisations
NII2 Special Partner LLP	United Kingdom company number OC416761	Limited Liability Partnership	-	-	(Dormant) Special partner
Nesta US Inc	United States	Sole member	100%	Non-stock	To engage in charitable and educational activities within the meaning of Section 501(c)(3) of the Internal Revenue Code 1986

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

14. Subsidiaries (continued)

The results of the consolidated entities are as follows:

	Nesta Trust 2021 £'000	Nesta Enterprises Limited 2021 £'000	Nesta GP Limited 2021 £'000	Nesta PRI Limited 2021 £'000	Cultural Impact Development Loans Limited 2021 £'000	Nesta Partners Limited 2021 £'000	Nesta Investment Management LLP 2021 £'000	Nesta Arts Impact LLP 2021 £'000	Nesta Arts & Culture Impact LLP 2021 £'000	Nesta US Inc 2021 £'000	Total 2021 £'000	Total 2020 £'000
Profit/(loss) for the year ended 31 March 2021												
Income	10,203	2,816	-	-	122	-	610	71	13	162	13,961	19,324
Expenditure	(29,317)	(2,816)	-	-	(202)	-	(44)	(145)	(291)	(44)	(32,823)	(29,669)
Other gains/ (losses)	88,671	-	-	1,225	39	1,594	(249)	199	-	-	91,479	(28,554)
Partner share/ Profit/(loss) for the year	69,557	-	-	1,225	(41)	1,594	317	125	(278)	118	72,617	(38,899)
Balance sheet as of 31 March 2021												
Assets	472,526	1,016	-	3,796	593	9,137	705	4,459	2,716	469	495,417	418,632
Liabilities	(1,036)	(1,016)	-	(6,535)	(634)	(7,543)	(18)	(5,473)	(2,994)	-	(25,249)	(21,081)
Net assets/ (liabilities)	471,490	-	-	(2,739)	(41)	1,594	687	(1,014)	(278)	469	470,168	397,551
Opening net reserves/ (liabilities)	401,933	-	-	(3,964)	-	-	370	(1,139)	-	351	397,551	436,450
Closing net reserves/ (liabilities)	471,490	-	-	(2,739)	(41)	1,594	687	(1,014)	(278)	469	470,168	397,551

15. Funds

15a. Unrestricted funds

	General funds £'000	Endowment funds £'000	Funds retained within non-charitable joint ventures £'000	Total £'000
Balance at 1 April 2020	7,700	391,605	1,733	401,038
Net (expenditure)/income	(14,656)	6,446	-	(8,210)
Transfers to restricted funds*	(1,161)	-	-	(1,161)
Transfers from endowment to general funds**	28,136	(28,136)	-	-
Unrealised gains on investments	-	88,672	-	88,672
Share of operating profit in joint venture	-	-	279	279
Balance at 31 March 2021	20,019	458,587	2,012	480,618

* 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.

15b. Restricted funds

Funder	Programme	Balance 1 April 2020 £'000	Income £'000	Expenditure £'000	Transfers from (to) general fund £'000	Balance 31 March 2021 £'000
Arts Council of England	Economic Value of Culture	209	-	(68)	-	141
ESRC	ESRC Management Practices	54	-	(13)	(11)	30
JP Morgan	JP Morgan Chase	209	-	(109)	(68)	32
European Commission	NGI Forward	1,022	-	(515)	(49)	458
Scottish Government	Digital Health Scotland	253	-	(105)	12	159
Department for Education	EdTech Innovation Fund	2,057	37	(1,878)	179	396
Department for Education	CareerTech	2,645	-	(2,550)	206	301
DCMS	Future News Fund	140	-	(186)	46	-
Big Lottery Fund	Accelerating Ideas Fund	7	-	(126)	119	-
Cardiff University*	Innovate to Save	3,933	(2,018)	(824)	6	1,097
Big Lottery Fund	Rethinking Parks	50	-	(76)	26	-
Arts Council of Wales (Scaling Fund)	Digital Innovation Fund for the Arts in Wales	34	450	(355)	110	239
Innovate UK	Audience of the Future	91	-	(29)	11	73
AHRC	Policy and Evidence Centre – Core	2,099	1,076	(1,511)	(17)	1,647
The Technology Strategy Board	Longitude	5,000	-	(330)	330	5,000
Argidius Foundation	Innovation Growth Lab	118	-	(118)	-	-
Innovate UK	Innovation Growth Lab	50	75	(65)	-	60
Institute of Energy and Sustainable Development	Innovation Growth Lab	75	-	(25)	-	50

15b. Restricted funds (continued)

Funder	Programme	Balance 1 April 2020 £'000	Income £'000	Expenditure £'000	Transfers from (to) general fund £'000	Balance 31 March 2021 £'000
Department for Business, Energy and Industrial Strategy	Innovation Growth Lab	50	-	(50)	-	-
ENISA Spain	Innovation Growth Lab	51	-	(2)	-	49
Greater London Authority	Innovation Growth Lab	-	75	-	-	75
Innovation Norway	Innovation Growth Lab	-	75	-	-	75
Austrian Research Promotion Agency	Innovation Growth Lab	-	75	-	-	75
University of Sussex	International Workstream	10	(10)	(67)	67	-
Department for Education	CareerTech	1,764	-	(1,603)	(51)	111
DCMS	Longitude Explorer 19/20	488	(155)	(288)	(45)	-
European Commission	EURITO	301	-	(172)	(38)	91
Google.org	FutureFit	1,301	-	(762)	(107)	432
European Commission	Pro-Ethics	142	-	(31)	(8)	103
JP Morgan	Rapid Recovery	-	2,097	(2,433)	757	421
Greater London Authority	GLA Crowdfund London Evaluation	-	75	(65)	(9)	-
The Solicitors Regulation Authority	SRA Testbed	-	129	(117)	(12)	-
European Commission	TalTech Twinning	-	176	(8)	(2)	166
Economic & Social Research Council	NordForsk COLDIGIT	-	195	(3)	-	193
Government of Canada	Ocean Plastics**	-	10,964	-	-	10,964
NASA	NASA SBIR Experimentation	-	62	(8)	(5)	50
Welsh European Funding Office	WEFO Skills and Capacity Building	-	1,469	(40)	40	1,469
Kauffman Foundation	Kauffman Foundation Translational Research	352	162	-	-	514
ClimateWorks Foundation	Cool Roofs	-	194	(203)	9	-
Open Banking Limited	Open Up II	-	1,404	(1,018)	(387)	-
All values < £50k		191	(20)	(176)	52	47
		22,696	16,587	(15,926)	1,161	24,518

* Negative income of £2 million recorded for Cardiff University relates to a variation in 2021 of grant income that was previously recorded which reduced the original grant value.

** Ocean Plastics programme, funded by the Government of Canada, aims to reduce ocean plastics in Sub-Saharan African countries by developing and scaling innovative solutions to plastic mismanagement.

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.

16. Analysis of consolidated net assets between funds

	Unrestricted funds 2021 £'000	Restricted funds 2021 £'000	Expendable endowment funds 2021 £'000	Group total funds 2021 £'000
<i>Fund balances are represented by:</i>				
Tangible fixed assets	521	-	24,678	25,199
Investment assets	21,020	-	428,596	449,616
Current and long-term assets	16,181	24,518	5,313	46,012
Current and long-term liabilities	(15,691)	-	-	(15,691)
Total net assets	22,031	24,518	458,587	505,136

	Unrestricted funds 2020 £'000	Restricted funds 2020 £'000	Expendable endowment funds 2020 £'000	Group total funds 2020 £'000
<i>Fund balances are represented by:</i>				
Tangible fixed assets	656	-	25,073	25,729
Investment assets	13,550	-	363,983	377,533
Current and long-term assets	12,619	22,696	3,645	38,960
Current and long-term liabilities	(17,392)	-	(1,096)	(18,488)
Total net assets	9,433	22,696	391,605	423,734

17. 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 2021 £'000	Group 2020 £'000
<i>Gross income:</i>		
Income	52,261	53,837
Income of non-charitable subsidiaries	4,102	6,655
	56,363	60,492
Less: share of joint venture turnover	(6,330)	(6,237)
	50,033	54,255
<i>Gross expenditure:</i>		
Expenditure	35,218	45,078
Depreciation and charges for impairment of fixed assets	674	682
	35,892	45,760
Share of profit in joint ventures	279	346
Net income/(expenditure) for the year	14,420	8,841
<i>Reconciliation to consolidated statement of financial activities:</i>		
Net income for the year	14,420	8,841
Movement on endowment funds	66,982	(39,784)
Net income/(expenditure)	81,402	(30,943)

18. Contingent liabilities

There were no contingent liabilities at the balance sheet date (2020: nil).

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 Balance Sheet date, are shown as commitments below.

	Parent charity and group total at 1 April 2020 £'000	Additions £'000	De-committed £'000	Drawdowns £'000	Parent charity and group total at 31 March 2021 £'000	Funded from
<i>Investments, loans, contributions to funds:</i>						
Private equity secondaries	6,420	-	-	(631)	5,789	Endowment fund
Investments in early-stage funds	125	-	-	(116)	9	Endowment fund
Programme-related investments	21,974	-	-	(13,411)	8,563	General fund
<i>Grants:</i>						
Grant agreements not yet signed by Nesta	4,427	1,390	-	(4,305)	1,512	Restricted and general fund
Total	32,946	1,390	-	(18,463)	15,873	

20. Operating lease commitments

At 31 March 2021 the Group was committed to total payments during the next year in respect of operating leases which expire within the following periods.

	Group 2021	Group 2020
<i>Photocopiers</i>		
Expire within one year	5	7
Expire within two to five years	-	5
Expire in more than five years	-	-
Total	5	12

At 31 March 2021 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 2021	Parent 2020
<i>Buildings – 58 Victoria Embankment</i>		
Expire within one year	1,598	1,598
Expire within two to five years	6,393	6,393
Expire in more than five years	2,040	3,638
Total	10,031	11,629

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 (creditor/ debtor £'000	Receivable/ (payable) by charity £'000	Cash paid by/ (received by) charity £'000	Closing net (creditor/ debtor £'000	Notes
The Nesta Trust	Subsidiary undertaking	(870)	(3,485)	4,355	-	Nesta recharged the Trust for salary costs totalling £19,920 (2020: £nil). Nesta charged Nesta Trust £4,511,009 (2020: £3,840,145) in relation to PRI Investments. Nesta refunded Nesta Trust £69,643 (2020: £1,221,978) in relation to PRI Investments. Nesta Trust has transferred £23,625,000 (2020: £18,000,000) to its Trustee Nesta in support of its charitable objects Nesta Trust charged Nesta £2,505,535 (2020: £2,505,535) for rental of 58 Victoria Embankment.
Nesta Enterprises Limited	Subsidiary undertaking	1,495	1,331	(2,912)	(86)	Nesta recharged Nesta Enterprises Limited for salary costs totalling £98,464 (2020: £630,511). Nesta Enterprises Limited accrued rental expense to Nesta of £520,538 (2020: £642,215). Nesta Enterprises Limited gift aided its profits to Nesta £350,280 (2020: £1,123,030).
Nesta Arts Impact LLP	Subsidiary undertaking	16	65	(58)	23	Nesta charged Nesta Arts Impact LLP loan interest expense totalling £30,082 (2020: £30,000). Nesta charged Nesta Arts Impact LLP management fees totalling £64,278 (2020: £90,162).
Cultural Impact Development Loans Limited	Subsidiary undertaking	(1)	128	(85)	42	Nesta charged Cultural Impact Development Loans Limited management fees totalling £179,385 (2020: £81,871).
Nesta Investment Management LLP	Subsidiary undertaking	(9)	(11)	27	7	Nesta received a distribution from Nesta Investment Management LLP of £249,745 (2020: £nil).

No amounts were written off in the year, and no guarantees were given in respect of these transactions.

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.

During the year, combined non-contractual payments of £144k were made to Simon Morrison and Kirsten Bound, who were members of Nesta's Senior Leadership Team, as part of a compensation package. Ex-gratia payments totalling £103k (2020: £16k) were made in the year to other departing staff as part of compensation packages.

22. Comparative consolidated statement of financial activities

	Unrestricted funds 2020* £'000	Restricted funds 2020* £'000	Expendable endowment funds 2020* £'000	Group total funds 2020* £'000
Income and endowments from:				
Investment income	414	-	9,710	10,124
Charitable activities	7,305	17,962	-	25,267
Other trading activities	7,292	150	-	7,442
Other income	6,751	-	-	6,751
Total income	21,762	18,112	9,710	49,584
Less share of joint ventures' turnover	(6,237)	-	-	(6,237)
Total group income	15,525	18,112	9,710	43,347
Expenditure on:				
Raising funds				
Trading activities	3,810	83	-	3,893
Investment management costs	43	-	1,108	1,151
Total expenditure on raising funds	3,853	83	1,108	5,044
Charitable activities				
Committed programme delivery	10,434	13,022	182	23,638
Investments	4,874	-	37	4,911
Missions	-	-	-	-
Practices	1,811	486	18	2,315
Enterprises	11,090	107	87	11,284
Total expenditure on charitable activities	28,209	13,615	324	42,148
Total expenditure	32,062	13,698	1,432	47,192
Net (expenditure)/income before investment (losses)/gains	(16,537)	4,414	8,278	(3,845)
Net (losses)/gains on investments	-	-	(27,480)	(27,480)
Net (expenditure)/income	(16,537)	4,414	(19,202)	(31,325)
Net interest in joint venture				
Transfers between funds	346	-	-	346
	18,863	1,755	(20,618)	-
Net income/(expenditure) before other recognised gains and losses	1,090	(2,216)	10,327	9,201
Other recognised gains				
Foreign exchange gains	-	-	36	36
Net movement in funds for the year	2,672	6,169	(39,784)	(30,943)
Reconciliation of funds				
Total funds brought forward	6,761	16,527	431,389	454,677
Total funds carried forward	9,433	22,696	391,605	423,734

* The income and expenditure breakdowns have been restated for 2020 to reflect the new headings in 2021 in line with Nesta's new strategy.

23. Comparative funds

23a. Comparative unrestricted funds

	General funds 2020 £'000	Endowment funds 2020 £'000	Funds retained within non-charitable subsidiaries or joint ventures 2020 £'000	Total 2020 £'000
Balance at 1 April 2019	5,374	431,389	1,387	438,150
Net (expenditure)/income	(16,537)	8,314	-	(8,223)
Transfers to restricted funds	(1,755)	-	-	(1,755)
Transfers from endowment to unrestricted funds	20,618	(20,618)	-	-
Unrealised gains on investments	-	(27,480)	-	(27,480)
Share of operating profit in joint venture	-	-	346	346
Balance at 31 March 2020	7,700	391,605	1,733	401,038

23a. Comparative restricted funds

Funder	Programme	Balance 1 April 2019 £'000	Income £'000	Expenditure £'000	Transfers from/ (to) general fund £'000	Balance 31 March 2020 £'000
SME Fintech Challenge Prize	Various banks	150	150	(83)	(217)	-
Kauffman Foundation	Innovation Growth Lab	234	141	(23)	-	352
Argidius Foundation	Innovation Growth Lab	30	128	(10)	-	148
Arts Council of England	Digital Culture 2019	33	-	(46)	13	-
Arts Council of England	Further work on Economic value of culture	-	297	(88)	-	209
Arts Council of Wales (R&D fund)	Digital Innovation Fund for the Arts in Wales	133	67	(200)	-	-
Arts Council of Wales (Scaling fund)	Digital Innovation Fund for the Arts in Wales	34	-	-	-	34
Australian Department of Industry, Science, Energy and Resources	Innovation Growth Lab	-	50	(50)	-	-
Department for Business, Energy and Industrial Strategy	Innovation Growth Lab	-	50	-	-	50
Big Lottery Fund	Accelerating Ideas Fund	9	(9)	-	-	-
Big Lottery Fund	Rethinking Parks	50	-	(131)	131	50
Cabinet Office	Connected Communities	475	(428)	(63)	16	-
Children's Investment Fund Foundation (CIFF)	Children's Investment Fund Foundation CIFF	151	-	(153)	2	-
Cloudera Foundation	CCID Grant Programme	-	120	(162)	54	12
Department for Business, Energy and Industrial Strategy	Longitude Explorer 2019/20	-	901	(365)	(49)	487
Department for Business, Energy and Industrial Strategy	Rocket Fund	25	24	(193)	144	-
Department for Digital, Culture, Media and Sport	Future News Fund	-	1,984	(1,726)	(118)	140

23a. Comparative restricted funds (continued)

Funder	Programme	Balance 1 April 2019 £'000	Income £'000	Expenditure £'000	Transfers from/ (to) general fund £'000	Balance 31 March 2020 £'000
Department for Digital, Culture, Media and Sport	Enhancing Impact Fund	-	280	(288)	8	-
Department for Digital, Culture, Media and Sport	Tech to Connect	-	951	(882)	(69)	-
Department for Education	EdTech Innovation Fund	-	3,500	(1,711)	267	2,056
Department for Education	CareerTech Challenge Fund	-	5,000	(714)	123	4,409
Dunhill Medical Trust	Health as a Social Movement	100	-	(163)	75	12
Economic and Social Research Council	ESRC Management Practices	-	82	(6)	(21)	55
ENISA Spain	Innovation Growth Lab	-	75	(24)	-	51
European Commission	NGI Forward	1,335	-	(256)	(58)	1,021
European Commission	Pro-Ethics	-	153	(9)	(2)	142
European Commission	DECODE	128	14	(178)	36	-
European Commission	EU Design Innovation Platform	218	(28)	(178)	(12)	-
European Commission	NGI-Engineroom	138	-	(89)	(49)	-
European Commission	SEP 2.0	96	-	(107)	11	-
European Commission	Eurito	583	-	(243)	(39)	301
Google.org	FutureFit	-	1,657	(591)	235	1,301
Heritage Lottery Fund	Rethinking Parks	10	-	(27)	27	10
HM Treasury	Affordable Credit Challenge	-	1,572	(1,699)	127	-
Innovate UK	Flying High II	263	(60)	(318)	115	-
Innovate UK	Audience for the Future	-	124	(23)	(10)	91
Innovate UK	Innovation Growth Lab	-	50	-	-	50
Innovation Science and Economic Development Canada	Innovation Growth Lab	-	75	-	-	75
JP Morgan	JP Morgan Chase	-	228	(13)	(6)	209
National Lottery Community Fund	UK Alliance for Useful Evidence	66	-	(300)	234	-
Omidyar Network	CCID Grant Programme	-	120	(162)	54	12
Robert Wood Johnson Foundation (RWJF)	Health Innovation Mapping	83	-	(77)	(6)	-
Scottish Government	Healthier Lives Data Fund	500	-	(315)	68	253
Scottish Government	ShareLab Scotland	38	-	(23)	(3)	12
The Arts and Humanities Research Council	Creative Industries Policy & Evidence Centre	2,538	24	(463)	-	2,099
The Tata Group	Tata Maths	8	-	(8)	-	-
The Tata Group	Maths Mission	107	-	(166)	79	20
The Technology Strategy Board	Longitude Explorer 2019/20	5,000	-	(324)	324	5,000
Value of Heritage	The Arts Humanities and Research Council	8	-	-	(8)	-
Wellcome Trust	CCID Grant Programme	-	120	(162)	54	12
Welsh Government	Innovate to Save	3,772	510	(366)	17	3,933
All values < £50k	Various	212	190	(520)	208	90
		16,527	18,112	(13,698)	1,755	22,696

Reference and administrative details

Trustees and Main Board Committee Members

Trustees

Sir John Gieve (Chair)
 Professor Anthony Lilley
 Christina McComb
 Heider Ridha
 Imran Khan

Jimmy Wales
 Judy Gibbons
 Moira Wallace
 Sarah Hunter
 Ian Gomes
 (Joined 01 January 2021)

Joanna Killian
 (Resigned 30 July 2021)
 Natalie Tydeman
 (Resigned 26 March 2021)

Audit and Risk Committee

Ian Gomes (Chair)
 Christina McComb
 Judy Gibbons
 Tony Thomas (Non-Trustee member)

Trust Investment Committee

Christina McComb (Chair)
 Sir John Gieve
 Ian Gomes
 Sally Bridgeland (Non-Trustee member)

Venture Investment Committee

Professor Anthony Lilley (Chair)
 Sir John Gieve
 Heider Ridha
 Natalie Tydeman
 (Resigned 26 March 2021)

People Committee

Judy Gibbons (Chair)
 Sir John Gieve
 Imran Khan

Health Committee

Imran Khan
 Sir John Gieve

Government Innovation Committee

Moira Wallace
 Joanna Killian
 (Resigned 30 July 2021)

Innovation Policy Committee

Heider Ridha (Chair)
 Sir John Gieve

Education Committee

Moira Wallace (Chair)
 Sir John Gieve
 Joanna Killian
 (Resigned 30 July 2021)

Challenges Committee

Ravi Gurumurthy (Chair)
 Judy Gibbons
 Sarah Hunter
 Jimmy Wales

Arts and the Creative Economy

Professor Anthony Lilley (Chair)

Protector of the Nesta Trust

James Sinclair Taylor

Executive Team

Pre-September 2020

Ravi Gurumurthy	Chief Executive
Simon Morrison	Deputy Chief Executive Officer (resigned 28 August 2020)
Trevor Richards	Chief Finance Officer
Nathan Elstub	Chief Investment Officer
Hasan Bakhshi	Executive Director, Creative Economy and Data Analytics
Vicki Sellick	Executive Director of Programmes
Tris Dyson	Executive Director, Challenge Prize Centre
Corinna Theuma	General Counsel & Company Secretary
Kirsten Bound	Executive Director of Research, Analysis and Policy (resigned 19 August 2020)

Post-September 2020 following organisational strategy review

Ravi Gurumurthy	Chief Executive
Trevor Richards	Chief Finance Officer
Lisa Barclay	Executive Director, Investments
Vicki Sellick	Chief Partnerships Officer
Samuel Hanes	Chief Operating Officer
Matthew Seden	Chief Strategy Officer
Jenny Gibson	Chief Scientist
Ksenia Zheltoukhova	Acting Chief Scientist
Elsbeth Kirkman	Chief Programme Officer (secondment)
Corinna Theuma	General Counsel & Company Secretary (maternity leave)
Jacqueline Lewis	General Counsel & Company Secretary (interim maternity leave cover)

Administrative details of the charity

Registered name	Nesta (changed from 'Nesta Operating Company' on 22 July 2013)
Companies House registered number	07706036 (registered 15 July 2011)
Charity Commission registered number	1144091 (registered 30 September 2011)
Office of the Scottish Charity Regulator registered number	SC042833 (registered 30 December 2011)
Registered Office	58 Victoria Embankment London EC4Y 0DS
Independent Auditor	BDO LLP 2 City Place, Beehive Ring Road Gatwick, West Sussex, RH6 0PA
Internal Auditor	Grant Thornton UK LLP 30 Finsbury Square London, EC2A 1AG
Principal Bankers	Lloyds Bank plc 25 Gresham Street London, EC2V 7HN




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