



## **The Young Foundation**

### **Report and financial statements**

31 December 2022

Company Limited by Guarantee  
Registration Number  
01319183 (England and Wales)

Charity Registration Number  
274345 (England and Wales)

FRIDAY



\*AC90RX2A\*

A25

11/08/2023

#29

COMPANIES HOUSE

## Contents

### Reports

Reference and administrative information	3
Chair's Report	6
Chief Executive's Report	7
Trustees' report	8
Independent auditor's report	21

### Financial statements

Statement of financial activities	25
Balance sheet	26
Statement of cash flows	27
Principal accounting policies	28
Notes to the financial statements	33

## Reference and administrative information

**The Young Foundation is a company limited by guarantee and a registered charity governed by its memorandum and articles of association.**

**It is a Research Councils UK recognised independent research organisation (IRO)**

<b>Trustees</b>	Dame Julie Mellor (resigned 13 July 2022, Chair) Vidhya Alakeson (resigned 11 February 2022, Chair of Nominations & Governance Committees) Kersten England Peter Gladwell (Chair of Property Committee) (resigned 2 May 2023) Stephen Jacobs Henry Kippin Abigail Rotheroe (resigned 27 January 2022) Jonathan Sobczyk-Boddington (Chair of Resources, Risk and Assurance Committee) Gareth Williams (Chair of Nominations and Governance Committee from 11 February 2022) (resigned 2 May 2023) Eddy Adams (appointed 27 October 2022) Mike Omoniyi (appointed 27 October 2022)  Kate Hainsworth (appointed 27 October 2022)  Rizwana Hamid (appointed 27 October 2022)  Christopher Dobson (appointed 27 October 2022)  Matthew Taylor (appointed 27 October 2022)
-----------------	--

<b>Chief Executive</b>	Helen Goulden
<b>Company registration number</b>	01319183
<b>Charity registration number</b>	274345

## Reference and administrative information

<b>Registered office</b>	Toynbee Hall 28 Commercial Street London E1 6LS
<b>Independent auditor</b>	Buzzacott LLP 130 Wood Street London EC2V 6DL
<b>Bankers</b>	HSBC 465 Bethnal Green Road London E2 9QW  CCLA One Angel Lane London EC4R 3AB
<b>Solicitors</b>	Bates Wells 10 Queen Street Place London EC4R 1BE
<b>Investment Managers</b>	Cazenove Capital 1 London Wall Place London EC2Y 5AU

## Reference and administrative information

The Young Foundation's mission is to enable connected, more sustainable and stronger communities across the UK. We do this through amplifying people's stories and lived experiences and use this as a spur to drive locally-led and owned community action.

We use what we learn across different communities to spot national patterns of need and opportunity, working with partners to support innovations to deliver social impact at a national scale.

We seek to build a shared body of evidence, knowledge and insight about how best to strengthen and empower communities.

We were founded by the great social scientist and innovator Michael Young and originally called the Institute of Community Studies. We became the Young Foundation after Michael's death in 2002. Together we have created and supported over 80 organisations including: *Which?*, *The Open University*, *Language Line*, *Economic and Social Research Council*, *Social Innovation Exchange*, *School for Social Entrepreneurs*, *UpRising* and *Studio Schools Trust*.

### OUR FUNDERS AND PARTNERS

Barking Riverside Ltd  
Birmingham City Council  
Bradford Teaching Hospitals NHS Foundation Trust  
The British Academy  
Cardiff University  
Chartered Management Institute  
Church Urban Fund  
Community Land Trust Network  
Darlington Borough Council  
Department for Business Energy and Industrial Strategy  
Department for Digital, Culture, Media and Sport  
Department for Work and Pensions  
Greater London Authority  
GuildHE  
Hackney Council  
HSE National Social Inclusion Office  
Imperial College London  
Improvement and Development Agency For Local Government  
Institute of Development Studies  
King's College London  
Local trust  
London Borough of Bexley  
London Borough of Waltham Forest  
Luton Borough Council  
Metropolitan Research Institute, Budapest  
NASS

The National Lottery Community Fund  
The National Lottery Heritage Fund  
Nuffield Foundation  
Power to Change Trust  
Queen Mary University of London  
Sheffield Hallam University  
Social Research Association  
Solent NHS Trust  
Southampton City Council  
Tower Hamlets Council  
UBS AG  
UK Research and Innovation  
UK Year CIC  
University of Bedfordshire  
University of Bristol  
University of East London  
Wellcome Trust  
West Midlands Combined Authority  
The Youth Endowment Fund  
Youth Futures Foundation Ltd

As I reach the end of my first year as chair of the Young Foundation I reflect on a year of endings and beginnings, of growth for the organisation, but against a backdrop of continued turbulence widely described as a 'poly crisis'. Deepening levels of poverty and destitution, an overwhelmed health and social care system, heightened geo-political instability and the likelihood of global warming rising over the 1.5% target level within this decade are urgent challenges for the four nations of the UK.

Our mission - to shape a stronger, fairer society - persists against this backdrop, as does our belief that supporting the agency of individual and communities is central to achieving that mission and tackling the wider challenges we face.

The Young Foundation continues its sustained growth in impact and income, delivering high quality and sought after work such as our Chief Executive's recent report on the limited attention to the 'S' in corporates' commitment to environment, social and governance (ESG) agendas, and the work of the Institute for Community Studies work on achieving a fair transition for communities to net zero. We are working with an ever wider range of institutions, whether in the Civic Universities network, on the UKRI funded Community Knowledge Fund, the Luton Fairness Task Force or our work with West Midlands combined authority. We've committed resources to join campaigning for a Community Power Act to be placed in English legislation. In the last year we have developed a substantially new offer through the establishment of the innovation practice team, which supports practical social change and innovation work with communities, public systems and social enterprises. This is an important complement to our work on peer research, community leadership and the body of research within the institute for community studies.

This year has seen significant turnover within the board of Trustees. We said goodbye to Dame Julie Mellor our former chair and Abigail Rotheroe whose terms as trustees had expired, but also to Vidhya Alakeson and Will Tanner who left us due to new roles within the Labour Party and number 10 Downing Street respectively. I'm very grateful to Pete Gladwell and Gareth Williams who agreed to extend their terms as we recruited and supported 6 new Trustees into their roles on the Board. I'm delighted that we have welcomed Eddy Adams, Chris Dobson, Kate Hainsworth, Rizwana Hamid, Mike Omonyi and Matthew Taylor as Trustees.

This substantially new board has begun its work with gusto, committed to building on the strong foundations laid by its previous chair and to honouring the spirit and intentions of the Foundation's founder Michael Young in this the Foundations 70th year. Working with the organisation's Chief Executive and wider staff group the Board is developing the next five year strategy for the Young Foundation. In doing so, we build on a strong balance sheet as well as our organisational strength. As we turn into the period before the General Election, and in this moment of turbulence and challenge, there are important conversations to be had about the future of the UK. We want citizens and communities to be central in those conversations and will work at every level and across all sectors to make this so.

**Kersten England CBE**  
**Chair of trustees, The Young Foundation**

As the Chair's letter rightly notes, the considerable turbulence in our economy, society and politics is only superseded in scale by some deeper ocean currents of change affecting trust in our democracy and institutions, a decline in our ability and willingness to participate in civil society and a climate crisis which we have still not yet adequately mobilised action toward. This makes the work of The Young Foundation ever more important. It means taking full advantage of our stability and revitalised platform for change to play a more meaningful role in tackling the many challenges affecting UK communities; specifically those communities already at a historical disadvantage through decades of disinvestment and deprivation.

Our performance in 2022, gives us strong conviction that we can achieve this. This has been another year of sustainable growth for The Young Foundation, increasing our income, organisational size – and most importantly, our impact – to support a fairer future for UK communities. We have worked hard to make sure that there is a sustained focus on employee well being, morale and motivation particularly as a hybrid pattern of working, with high levels of home working, has persisted post Covid. Action has also been taken to develop higher levels of equality, diversity and inclusion within the organisation.

The direction of our methods and approaches to key priority areas, such as a fair transition to net zero, has borne fruit, with important research undertaken in 2022 opening up clear, impactful opportunities for practical support and innovation on this existential issue.

While we necessarily operate a model which only enables us to undertake our work by the gifts of others, I have been increasingly inspired by the ways in which the team are seeking to influence the system: to stretch well beyond programmatic responses to our many social challenges, toward integrated, systemic interventions that build on each other in powerful ways. This annual report sets out just a few examples. Whether through our work on race inequality in the West Midlands, support for younger people involved in violence or working with councils seeking to eradicate poverty, our use of community research and social innovation is proving not just fashionable (at last) – but impactful.

2022 marked the end of a three year strategy period largely focused on consolidating the work we knew we did best, growing the Institute for Community Studies, demonstrating the value of our approach and ensuring we were a fit and financially sustainable charity. That strategy was successful. And as we move into a new five-year strategy development process, we take all the successes and learning into 2023, with an incredible platform for raising our ambition to match increasingly challenging contexts.

**Helen Goulden OBE**  
**Chief Executive Officer**

## **TRUSTEES' ANNUAL REPORT**

The trustees (who are also directors of the charitable company for the purposes of the Companies Act) present their annual report together with audited financial statements of The Young Foundation (the charitable company) for the year ended 31 December 2022.

The financial statements have been prepared in accordance with the accounting policies set out on pages 28 to 32 of the attached accounts and comply with the charity's Memorandum and Articles of Association, the Charities Act 2011 and 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 United Kingdom and Republic of Ireland (FRS 102), effective from accounting periods commencing 1 January 2019 or later.

## **OBJECTIVES AND RELEVANT POLICIES**

### **Objectives and activities for the public benefit**

The objects of the Young Foundation as set out in its Memorandum of Association are:

- a) The relief of needs arising from financial hardship, mental or physical illness, disability, or old age;
- b) The promotion of equality and diversity for the benefit of the public through research and the design and delivery of services that address exclusion;
- c) The promotion of health;
- d) The promotion of research and education in the social sciences and the dissemination of the useful outcomes of such research; and
- e) The advancement of purposes charitable in England and Wales by the development of organisations and activities and the exchange of ideas.

The objects are considered by the trustees to be for the public benefit as defined in the Charity Commission's guidance on public benefit. In order to achieve these objectives, the Young Foundation undertakes research to identify and understand social needs and then develops practical initiatives and institutions to address those, combining ideas, analysis and practical action.

Our research work also permeates all our programmes. We are a Research Councils UK recognised independent research organisation (IRO).

The charity does not undertake any external fundraising and there have been no complaints made to the Fundraising Regulator during the current or prior year.



## ACHIEVEMENTS AND PERFORMANCE

### PERFORMANCE REVIEW

#### SUMMARY:

This has been another strong year for The Young Foundation, growing in size, income and impact over the course of 2022. The Young Foundation used the last twelve months to:

1. **Show** how our approach is essential for tackling entrenched challenges
2. Increase the scale of our work, **building the infrastructure** to sustain community-involving practice and participation
3. Through the Institute for Community Studies, we have continued to **build the economic, social and moral case** for community empowerment
4. Ensure we are **fit and financially sustainable** to execute on these ambitions.

This performance review offers a perspective on our progress in 2022 across our four core goals, and priority areas.

### **Show how our approach is essential for tackling entrenched challenges**

---

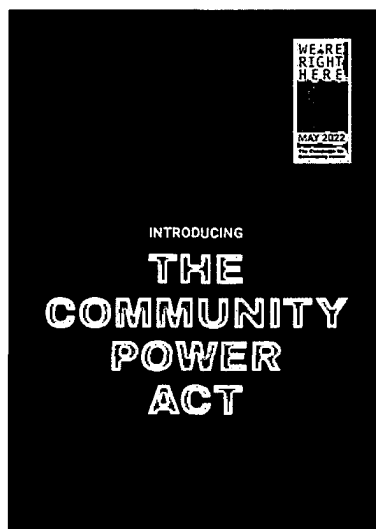
2022 saw a deepening commitment to growing our Innovation & Practice team, in recognition that it is the **practice** of change and transition that communities and organisations are most wrestling. The “how” of how to tackle complex challenges is living, breathing work for which there is no strict playbook. Investing in a team who can work with local governments, funders and investors, anchor institutions and in healthcare to centre and involve communities in deep change has been a key achievement in 2022.

This has been pivotal to demonstrating the value of The Young Foundation's approach to understanding, involving and innovating with communities in different places and contexts. Over the year, the range of local and combined authorities with whom we work grew and includes continued strategic relationships with the West Midlands Combined Authority, Luton Council, the Greater London Authority and Cornwall County Council among others.

#### **Campaigning for Community Power**

Alongside demonstrating practical routes to creating fairer futures for UK communities, we need to create the right conditions for that work to flourish. We've

been pleased to bend our efforts towards supporting the "We're Right Here" campaign in 2022, joining a range of local community leaders and community sector organisations who want to see enabling legislation to increase the power of communities – to take ownership of assets, and foster more equitable relationships with local authorities and other organisations who influence their well-being in material ways.



The We're Right Here campaign for community power is led by local leaders who have done extraordinary things in their neighbourhood, from regenerating a disused church for the whole community, to offering a place to meet in one of the country's most deprived neighbourhoods. These leaders and people in their neighbourhoods are frustrated by their lack of power, which they say makes it so much harder for them to make a positive difference and answer local needs.

Supported by community-focused organisations, including The Young Foundation, these local leaders are now calling for a Community Power Act. This proposal outlines new laws aim to give people the power they need to shape the places they live.

### **Levelling up Response**

Responding to and building on the Levelling Up White Paper, The Young Foundation launched an eight-point plan to turn policy into real change for 'left behind' areas. Following the government's blueprint to address inequality in UK communities, our report proposed action to work 'radically differently', involving local people and communities to drive meaningful change. The report maintains that 'Levelling up' is only possible when local people and communities have a profound sense of ownership over their own story for change. And that without working radically differently across sectors, disciplines and boundaries, 'levelling up' is simply not possible."

### **Redirecting investment towards community involving activities across the UK**

Over the course of 2022, The Young Foundation has also grown our structure and capabilities to act as an intermediary funder for larger institutions seeking to reach people, groups and communities which have historically lay outside their reach. We expect this activity to grow in 2023, as we work towards shifting more resources and funding into community led, and community involving, activities across the UK.

---

## **Increasing the scale of our work, building the infrastructure to sustain community-involving practice**

There is increasing acknowledgement and support for involving more people and more communities in the creation of new knowledge. In doing so, we build not only new insights, but new capacity for change in key areas of social and environmental policy. It is not enough to 'run programmes' which include community research and citizen science. If we believe that this is an important part of the research ecosystem, it needs infrastructure and investment to support and sustain it.

This is the principle that has underpinned the growth of our Peer Research network over the last three years, which continues to go from strength to strength. Our 2022 conference "Hive" brought together over two hundred peer research commissioners and practitioners, to drive higher standards, quality and shared learning in participatory research practice. This convening role, combined with our accredited peer researcher training offer, has been fundamental to our credibility in this field and a strong foundation to build on, in partnership with those who have deeper resources to create change.

This strategy to align with partners committed to a similar agenda has seen increased partnership working with UKRI. The Young Foundation now supports a portfolio of UKRI funded projects that collectively start to build a more porous research and innovation system where communities and community knowledge play a stronger role in the research and innovation system.

The UKRI portfolio for 2022 included: **The Community Research Networks** – a fund to build the collaboration infrastructure and network for stronger community involvement in a range of pilot sites; **Co-designing a national learning programme for Community Research partnerships** – ensuring learning support exists to the range of actors involved in effective research partnerships; **The Community Knowledge Fund** - an innovation grant directly supporting communities and community led organisations to develop community knowledge and practices which strengthen the involvement of communities in research. We hope to build substantially on this nascent infrastructure in 2023, supporting learning, leadership and investment towards an increased number of groups who recognise the long-term vision for community involving research and practice.



### **Waking the talk:**

In 2022, we shared learning from The Young Foundation's participation in the Department for Work and Pensions' Kickstart Scheme. The programme ran between September 2020 and March 2022, providing funding to create new jobs for 16- to 24-year-olds at risk of long-term unemployment. We share reflections and recommendations for effective and enduring support to young people entering the workforce, and into research employment.

This mission to embed community and peer research as part of our national research infrastructure is also brought to life through the work of **Peer Action Collective** programme, funded by The Youth Endowment Fund, The Co-Op and the #iWill fund. The Peer Action Collective involved 120 young people trained as peer researchers and several hundred more involved as social action changemakers, addressing serious youth violence. Engaging over 5,000 young people's views on their experiences and perceptions of youth violence is changing the way funders and policy makers think about violence prevention. The success of this 20-month pilot has translated into a new five-year programme in 2023, set to engage over 10,000 young people in movement away from the current reality of violence as part of everyday life for so many young people.

*A participant in the Peer Action Collective Rowan, from Devon, said: "You expect youth violence to be in dark alleyways and it's not. These are children being attacked in broad daylight in a city centre". Londoner Aidan commented: "I feel that [youth violence] is an experience that everyone has had, is having, or will have. And yeah, I really feel like it's inevitable."*

### **Helping build a movement away from youth violence through the Peer Action Collective**



### ***Influencing whole systems***

Commissioned by UKRI, this summary report shares discussions with community representatives about how to improve the ways in which knowledge is produced, used and communicated across the UK. These discussions focused on how the research and innovation (R&I) system can more equitably involve those community groups and organisations with less power or representation.



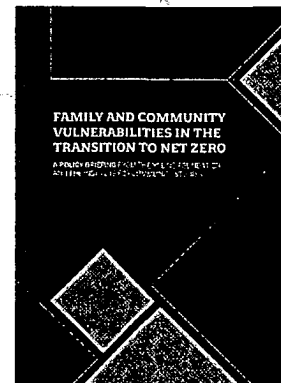
## **Creating rich and useful evidence through the Institute for Community Studies to continue to build the economic, social and moral case for community empowerment**

2023 saw a sustained focus on the growth of the Institute for Community Studies, creating a dynamic observatory of evidence and data to support stronger communities. With its focus on holding ground as an evidence centre and participating in major projects in partnership with universities, the Institute has worked deeply on the experiences of vulnerable people in the transition to net zero, understanding how young people begin a life of active citizenship and has positioned itself to become a major connector of community insight, academic evidence and policy making at a regional and national level.

### **A fair transition to Net Zero?**

The UK government has pledged to achieve 'net zero' carbon emissions by 2050. With support from The Nuffield Foundation, the Institute for Community Studies investigated how this transition might inform policymaking, a nationally representative survey of 2,100 adults was conducted by the Institute for Community Studies and Ipsos. The survey sought to understand the UK public's perceptions of these 'net zero' targets, asking participants for their views on awareness, readiness and perceptions of fairness of the transition.

The research unequivocally points to an urgent need for national and local policymakers - and those leading and delivering transition strategies - to consider more deeply the potential negative impacts on people who are already experiencing the greatest disadvantage - as well as the positive opportunities they may benefit from. This includes opportunities for the most deprived and poorest communities to participate in the UK's shift to net zero, ensuring transition isn't simply another macro policy change that leaves people behind.



This survey was part of a broader programme of work focused on the importance and power of participation in the transition to net zero. Our policy briefing engaged Ministers and key local politicians and officers in the Autumn of 2022. The critical importance of this research activity cannot be overstated. It has been the foundation of continued work in this area in 2023, where we are now strategically placed to support the UK's c400 local authorities to assess the readiness and strength of their transition strategies for net zero.

#### **Policy influencing: a just transition to net zero**

##### **What and why**

The Institute for Community Studies conducted research and worked to develop an actionable policy framework supporting every family, community and place across the UK to participate in the transition to net zero. The project is funded by the Nuffield Foundation.

##### **How**

We undertook an extensive literature review to understand and fill the gap between social policy insights on inequalities, and policy on net zero futures. We also carried out participatory research in seven places in north-east England. We developed a Framework for Participation to promote a person-centred approach in the transition to net zero.

##### **Impact**

We published two policy documents in 2022: UK public perceptions and readiness for a just transition and Family and community vulnerabilities in the transition to net zero. This work informed our organisation's first ever party conference events, working with Power to Change, SMF and Reform on community-led transition to net zero debates. Both sessions were oversubscribed. With Labour, our Chief Executive, Helen Goulden OBE, shared a platform with Kerry McCarthy MP, former North of Tyne Mayor Jamie Driscoll, and London Assembly member Leonie Cooper. With the Conservatives, our Institute Director Richard Harries spoke with the climate minister Graham Stuart and a VIPs from local government and

community organisations. A supporting blog, [Communities can power a fair transition](#), was co-authored by Helen and Power to Change's CEO.

We are now developing relationships with Luton and Hartlepool Borough Councils and, following additional funding from the British Academy, working to engage other local authorities too. The final report will publish this summer, sharing policy recommendations affecting the poorest people in UK society. An academic paper has been submitted to a social policy journal. And we are holding a high-level policy event at the Liberal Democrat Party Conference with Wera Hobhouse MP and London Assembly member Hina Bokhari. Net zero is a key theme of our upcoming five-year strategy.

## Ensuring we are fit and financially sustainable

To successfully execute against our strategic ambitions, we have ensured we are a financially sustainable and fit for purpose organisation. A goal on which we placed a heavy emphasis in 2022; chiefly to ensure that should we grow rapidly in the coming years, our infrastructure, systems and people were ready for it.

Financially, we exceeded our 2022 income targets by **£0.4m** and invested £2.8m of proceeds from the building sale into a multi-asset fund, which is now yielding us an annual dividend. There is still a challenge to grow our unrestricted income, however our overall operating surplus of £59k (before the Invest to Grow funding approved by the board) gives us confidence we can achieve this with the right balance in unrestricted and restricted income, which has been a primary financial focus as we move into 2023. Taking the 'Invest to Grow' expenditure into account the overall result for the year was a deficit of £180k.

In 2022, we have been keen to continue our efforts to support staff well-being, against a backdrop of a rising cost of living and busy work environment. We trialled a 4.5 day working week which has proven to be a success and highly popular with the team. Evaluation of the trial showed marked increase in mental health, work-life balance and overall job satisfaction. Staff also reported very positive impact on our attractiveness as an employer, increasing our net promoter score by 17%. The trial reported no difference in the ability to complete work on time or deliver projects; underscoring other shorter-working week trials which tend to show slight increases (or no impact) on productivity. Our approach in 2023 will be to continue a 4.5 day working week through our flexible working policy.

While making good progress in the first half of 2022 with 27% black and ethnic minority workforce, we ended the year better still at 29% racial diversity. (Gender and racial diversity has increased again as we move through 2023) We continue to feel the systemic effects of a social research market that skews heavily towards white women, and the entire organisation remains highly motivated to diversify our team – on all race, class and ability dimensions in 2023. Our EDI survey resulted in an effective action plan which is reviewed by staff and trustees on a quarterly basis, and on a monthly basis by the Senior Leadership Team.

### **Partner Satisfaction**

Our 2022 annual partner survey delivered some great results, with just under 50% response rate (higher than usual) with 78% reporting high levels of satisfaction (22% Satisfied). Over 70% of respondents saying they have shifted either the policy or practice as a result of working with us, and 100% would recommend us to another organisation. Comments are unwaveringly appreciative, with quality and impact of our work, our friendly, approachable way of working and doing what we say we will do, ranking very highly. The survey mirrors the previous two years in identifying the 'timeliness of our responses' as the area in most need of improvement, which is recognisable to the team as a continued challenge, particularly for those staff working on multiple projects, where the number of stakeholders and partners with which to engage is that much higher.

### **FINANCIAL REVIEW**

#### **Results for the year**

The reported deficit in the year to December 2022 of £180k reflects the Invest To Grow strategy pursued during the year, which saw some income growth in 2022 and is expected to yield greater income in the coming years. Looking at Unrestricted Funds, a deficit of £305k was made (2021: Surplus of £2,054k which included the one off income from the property sale of £1,989k), after allowing for a transfer in of funds of £264k.

Income in the year, of £2,808k (2021: £5,090k) is down, but is skewed by movements in restricted income and the one off income from the property sale of £1,989k in 2021. Unrestricted income was £1,306k (2021: £3,340k)

Charitable expenditure of £2,830 (2021: £2,559k) is an 11% increase on 2021 expenditure.

In 2022, the charity secured a large grant (£990k) from UKRI for the Community Grant Fund, making up most of the restricted income in 2022 of £1,503k (2021: £1,750k).

There is an unrestricted deficit of £305k (2021: surplus £2,054k). As noted below the charity continues to operate within its reserves policy. The focus for 2022 was to focus on medium term growth whilst retaining appropriate margins on projects to ensure that support costs are funded, as much as possible. Income targets for 2022 of £2,355k were exceeded and at time of writing income is expected to be higher still for 2023. In 2021 the Young Foundation invested further in roles to help deliver this income growth including the appointment of an Associate Director, Institute for Community Studies and a Head of External Affairs & Communications. They were joined at the beginning of 2022 by a Director of Innovation and Practice.

#### **Reserves policy and financial position**

Total reserves at 31 December 2022 were £5,026k (2021: £5,206k) of which £1,728k (2021: £1,603k) were restricted for specific purposes. In addition, £100k of unrestricted funds were designated in the year to cover the future costs of managing the YAIF investment fund. This followed the designation of £2,900k for the Property Fund in 2021, after the sale of 18 Victoria Park Square.



### **FINANCIAL REVIEW (continued)**

The policy of the trustees is to hold sufficient reserves in a liquid form to meet short term obligations, and having considered the risks facing the charity and its level of activity, have decided that this is equivalent to six months staff costs. At 31 December 2022, the minimum reserve figure was £1,025k (2021: £818k). The total free reserves at 31 December 2022 were £3,298k (2021: £3,603k) which represents 19.3 months unrestricted expenditure.

Therefore, the trustees consider that they have sufficient funds to meet the reserves policy and are considering how best to invest these funds to balance preserving liquidity to maintain day to day activity whilst also generating income and/or long-term growth.

#### **Going concern**

The trustees continue to adopt the going concern basis in preparing the annual financial statements. In adopting this basis, they have reviewed all appropriate budgets and forecasts. The trustees are not aware of any material uncertainties that suggest that the Young Foundation cannot continue as a going concern.

#### **Investment policy and performance**

Under the Memorandum and Articles of Association the trustees have general powers of investment. The trustees held the charity's funds as cash with CCLA and HSBC and also invested in the Cazenove Charity Responsible Multi-Asset Fund in 2022.

### **STRUCTURE, GOVERNANCE AND MANAGEMENT**

The Young Foundation's governing documents are its Memorandum and Articles of Association dated 15 June 1977 as amended on 16 March 2005 and 21 February 2021.

The Board of Trustees met four times in 2022. In addition to the Board of Trustees there is a Resources, Risk & Assurance Committee (RRAC) which met four times in 2022. The Committee was chaired by the treasurer, Jonathan Sobczyk Boddington. The Nominations and Governance Committees met during 2022.

Due to a number of scheduled retirements, the Board was refreshed in 2022, with six new trustees.

The following trustees were in office at 31 December 2022 and served throughout the year except where shown.

## STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Trustees	Appointments/ resignations	Board meetings attended in 2022 (and number available)
Kersten England		3(4)
Dame Julie Mellor	Resigned 13 <sup>th</sup> July 2023	3(3)
Vidhya Alakeson	Resigned 11 <sup>th</sup> February 2022	1(1)
Abigail Rotheroe	Resigned 27 <sup>th</sup> January 2022	1(1)
Eddy Adams	Appointed 27 <sup>th</sup> October 2023	0(1)
Jonny Sobczyk Boddington		4(4)
Chris Dobson	Appointed 27 <sup>th</sup> October 2023	0(1)
Pete Gladwell	Resigned 2 <sup>nd</sup> May 2023	4(4)
Kate Hainsworth	Appointed 27 <sup>th</sup> October 2023	1(1)
Rizwana Hamid	Appointed 27 <sup>th</sup> October 2023	1(1)
Stephen Jacobs		4(4)
Henry Kippin		3(4)
Mike Omoniyi	Appointed 27 <sup>th</sup> October 2023	1(1)
Matthew Taylor	Appointed 27 <sup>th</sup> October 2023	1(1)
Gareth Williams	Resigned 2 <sup>nd</sup> May 2023	4(4)

Details of all the trustees are posted on our website, [youngfoundation.org](https://www.youngfoundation.org)

Candidate trustees meet with the Chair, the Chief Executive and the Nominations and Governance Committee following which their application is considered by the Nominations and Governance Committee. The induction of trustees is undertaken on an informal basis with the Chief Executive and senior management team and through attendance at Young Foundation and external events.

The day to day management and running of the charity has been delegated to the Chief Executive and the senior management team. The senior management team prepares an annual operational plan and budget which is approved by the trustees. The senior management team take responsibility for the execution of the operational plan and budget and report on progress to the trustees.

### Key management personnel

The key management personnel of the Young Foundation are the Chair and Board of Trustees together with the Chief Executive and Directors who form the senior management team.

The remuneration of the Chief Executive is set and reviewed by the nominations committee. The remuneration of the other key management personnel is set by the CEO taking into consideration factors such as what the organisation can afford to pay, inflation and external benchmarking.

## **STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)**

### **Risk management**

The Board's Resources, Risk and Assurance Committee has reviewed the major operational risks and the Board has reviewed the strategic risks including the ways in which these are monitored, managed and mitigated by the senior management team.

### **Key risks**

Our risk registers reflect the risks presented by Covid-19, although these risks have dissipated in 2022. The key risks identified by the Board and summarised below together with management actions to mitigate these risks.

### ***Income Generation and sustainability***

The main risk to The Young Foundation is the inability to generate sufficient income to enable full cost recovery and be a financially sustainable organisation. As noted above, the long-term impact of Covid-19 or indeed war in Ukraine and other events on the wider economy may mean that business development becomes more difficult. It is essential that we maintain close relationships with funders and explore all funding opportunities. We have developed and continue to refine our processes for bidding for funding to ensure full cost recovery. Cost inflation has also become a key risk and we have put measures in place to mitigate this

### ***Staff engagement***

The Young Foundation has settled into a pattern of hybrid working, with staff able to mix home and office working. We have regular all staff team meetings and ensure that managers keep in close contact with their team. We have upgraded some of our IT systems and equipment and we provide appropriate office furniture for staff who need it. We continue to seek staff opinion and feedback through team meeting discussions and staff surveys.

## **STATEMENT OF TRUSTEES' RESPONSIBILITIES**

The trustees (who are also directors of the Young Foundation for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charitable company and of the income and expenditure of the charitable company for the year. 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 Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable to the United Kingdom and Republic of Ireland (FRS 102);
- ♦ make judgements and estimates that are reasonable and prudent;

**STATEMENT OF TRUSTEES' RESPONSIBILITIES (continued)**

- ◆ state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- ◆ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

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

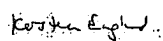
In so far as the trustees are aware:

- ◆ there is no relevant audit information of which the charitable company's auditor is unaware; and
- ◆ the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

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

This report was approved by the trustees on 27 July 2023 and signed on their behalf by:



**Kersten England CBE**

**Chair of the Board of Trustees**

## **Independent auditor's Report Year ended 31 December 2022**

### **Independent auditor's report to the members of The Young Foundation**

#### **Opinion**

We have audited the financial statements of The Young Foundation (the 'charitable company') for the year ended 31 December 2022 which comprise the statement of financial activities, the balance sheet, the statement of cash flows, the principal accounting policies and the notes to the financial statements. 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).

In our opinion, the financial statements:

- ◆ give a true and fair view of the state of the charitable company's affairs as at 31 December 2022 and of its income and expenditure for the year then ended;
- ◆ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- ◆ have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for opinion**

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

#### **Conclusions relating to going concern**

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

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

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 and financial statements, 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.

## Independent auditor's Report Year ended 31 December 2022

### **Other information (continued)**

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify 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.

### **Opinions on other matters prescribed by the Companies Act 2006**

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

- ◆ the information given in the trustees' report, which is also the directors' report for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- ◆ the trustees' report, which is also the directors' report for the purposes of company law, has been prepared in accordance with applicable legal requirements.

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

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- ◆ adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- ◆ the financial statements are not in agreement with the accounting records and returns; or
- ◆ certain disclosures of trustees' remuneration specified by law are not made; or
- ◆ we have not received all the information and explanations we require for our audit; or
- ◆ the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the trustees' report and from the requirement to prepare a strategic report.

### **Responsibilities of trustees**

As explained more fully in the trustees' responsibilities statement, the trustees, who are also directors 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.

**Responsibilities of trustees (continued)**

In preparing the financial statements, the trustees are responsible for assessing the 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 charitable company or to cease operations, or have no realistic alternative but to do so.

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

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

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:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- ♦ the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations; and
- ♦ we obtained an understanding of the legal and regulatory frameworks that are applicable to the charity and determined that the most significant frameworks which are directly relevant to specific assertions in the financial statements are those that relate to the reporting framework (Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Charities Act 2011 and the Companies Act 2006) and those that relate to data protection (General Data Protection Regulation).

We assessed the susceptibility of the charity's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- ♦ making enquiries of management as to their knowledge of actual, suspected and alleged fraud; and
- ♦ considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

## Independent auditor's Report Year ended 31 December 2022

### Auditor's responsibilities for the audit of the financial statements (continued)

To address the risk of fraud through management bias and override of controls, we:

- ◆ performed analytical procedures to identify any unusual or unexpected relationships;
- ◆ tested journal entries to identify unusual transactions; and
- ◆ assessed whether judgements and assumptions made in determining the accounting estimates for the valuation of social investments and the bad debt provision were indicative of potential bias.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- ◆ reading the minutes of meetings of those charged with governance; and
- ◆ enquiring of management as to actual and potential litigation and claims.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the trustees and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://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. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

*Buzzacott LLP*

Catherine Biscoe (Senior statutory auditor)  
for and on behalf of Buzzacott LLP, Statutory Auditor  
130 Wood Street  
London  
EC2V 6DL

Date: 7 August 2023



**Statement of financial activities** Year ended 31 December 2022

	Notes	Unrestricted funds £	Restricted funds £	2022 Total funds £	Unrestricted funds £	Restricted funds £	2021 Total funds £
<b>Incorporating income and expenditure account</b>							
<b>Income from</b>							
Donations		-	-	-	-	-	-
Investments	2	55,500	-	55,500	356	-	356
Charitable activities							
. Grants and other earned fees	1a	1,233,290	1,502,506	2,735,796	1,271,451	1,750,382	3,021,833
. Other	1b	17,117		17,117	2,067,935	-	2,067,935
<b>Total income</b>		<b>1,305,907</b>	<b>1,502,506</b>	<b>2,808,413</b>	<b>3,339,742</b>	<b>1,750,382</b>	<b>5,090,124</b>
<b>Expenditure on</b>							
Charitable activities	3	1,765,373	1,065,553	2,830,926	1,504,555	1,054,930	2,559,485
Net losses/(gains) on social investments		59,036	51,501	110,537	-	(62,087)	(62,087)
<b>Total expenditure</b>		<b>1,824,409</b>	<b>1,117,054</b>	<b>2,941,463</b>	<b>1,504,555</b>	<b>992,843</b>	<b>2,497,389</b>
Net losses on listed investments	8	46,926	-	46,926	-	-	-
<b>Net (expenditure)/ income before transfers</b>		<b>(565,428)</b>	<b>385,452</b>	<b>(179,976)</b>	<b>1,835,187</b>	<b>757,539</b>	<b>2,592,726</b>
<b>Transfers between funds</b>	12	<b>260,228</b>	<b>(260,228)</b>	<b>-</b>	<b>218,724</b>	<b>(218,724)</b>	<b>-</b>
<b>Net (expenditure)/ income and net movement in funds for the year</b>		<b>(305,200)</b>	<b>125,224</b>	<b>(179,976)</b>	<b>2,053,911</b>	<b>538,815</b>	<b>2,592,726</b>
<b>Reconciliation of funds:</b>							
<b>Total funds brought forward</b>		<b>3,602,729</b>	<b>1,602,822</b>	<b>5,205,551</b>	<b>1,548,818</b>	<b>1,064,007</b>	<b>2,612,825</b>
<b>Total funds carried forward</b>		<b>3,297,529</b>	<b>1,728,046</b>	<b>5,025,575</b>	<b>3,602,729</b>	<b>1,602,822</b>	<b>5,205,551</b>

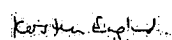
All recognised gains and losses are included in the above statement of financial activities.

The notes on pages to 33 to 44 form part of these financial statements.

## Balance sheet 31 December 2022

	Notes	2022 £	2022 £	2021 £	2021 £
<b>Fixed assets</b>					
Tangible assets	7	26,570		36,135	
Investments	8	2,929,690		423,866	
			2,956,260		460,001
<b>Current assets</b>					
Debtors	9	1,149,862		900,637	
Cash at bank and in hand		1,401,650		4,173,941	
		2,551,512		5,074,578	
<b>Liabilities:</b>					
Creditors: amounts falling due within one year	10	(482,197)		(329,028)	
<b>Net current assets</b>			2,069,315		4,745,550
<b>Total assets less current liabilities</b>			5,025,575		5,205,551
<b>The funds of the charity:</b>					
Unrestricted funds:	12				
. General funds			332,549		702,729
. Designed funds			2,964,980		2,900,000
Restricted funds	13		1,728,046		1,602,822
			5,025,575		5,205,551

The financial statements were approved by the Trustees on 27 July 2023 and signed on their behalf, by:



**Kirsten England CBE, Chair of Trustees**

The Young Foundation  
Company registration number 01319183 (England and Wales)

The notes on pages 33 to 44 form part of these financial statements.

# Statement of cash flows 31 December 2022

	Notes	2022 £	2021 £
<b>Cash outflow from operating activities:</b>			
Net cash used in operating activities	A	(132,196)	(32,898)
<b>Cash (outflow)/inflow from investing activities:</b>			
Interest and dividends from investments		27,500	356
Purchase of tangible fixed assets		(4,307)	(39,700)
Purchase of investments		(2,298,323)	-
Sale of asset held for sale		-	2,898,200
Repayments of investments		136,712	233,468
<b>Net cash (outflow)/inflow from investing activities</b>		<b>(2,138,418)</b>	<b>3,092,324</b>
<b>Change in cash and cash equivalents in the year</b>		<b>(2,270,614)</b>	<b>3,059,426</b>
<b>Cash and cash equivalents at 1 January 2022</b>	B	<b>4,173,941</b>	<b>1,114,515</b>
<b>Cash and cash equivalents at 31 December 2022</b>	B	<b>1,903,327</b>	<b>4,173,941</b>

## Notes to the statement of cash flows for the year to 31 December 2022

### A Reconciliation of net movement in funds to net cash flow from operating activities

	2022 £	2021 £
<b>Net movement in funds (as per the statement of financial activities)</b>	<b>(179,976)</b>	<b>2,592,726</b>
<b>Adjustments for:</b>		
Depreciation charge	13,872	4,068
Impairment of /(gain on) social investments	110,538	(62,087)
Unrealised losses on listed investments	46,926	-
Interest and dividends from investments	(55,500)	(356)
Surplus on disposal of asset held for sale	-	(1,988,947)
Loss of disposal of fixed assets	-	4,792
Increase in debtors	(221,225)	(460,952)
Increase/(decrease) in creditors	153,169	(122,142)
<b>Net cash used in operating activities</b>	<b>(132,196)</b>	<b>(32,898)</b>

### B Analysis of cash and cash equivalents

	2022 £	2021 £
Cash at bank and in hand	669,351	3,441,642
Cash held by investment managers	501,677	-
Instant access cash accounts	732,299	732,299
<b>Total cash and cash equivalents</b>	<b>1,903,327</b>	<b>4,173,941</b>

### C Analysis of changes in net funds

	At 1 January 2022 £	Cash flows £	At 31 December 2022 £
Cash	3,441,642	(2,772,291)	669,351
Cash held by investment managers	-	501,677	501,677
Cash equivalents	732,299	-	732,299
<b>Total</b>	<b>4,173,941</b>	<b>(2,270,614)</b>	<b>1,903,327</b>

## Principal accounting policies 31 December 2022

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are laid out below.

### **Basis of preparation**

These financial statements have been prepared for the year to 31 December 2022.

The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant accounting policies below or the notes to these financial statements.

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) (Charities SORP FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The charity constitutes a public benefit entity as defined by FRS 102.

The financial statements are presented in sterling and are rounded to the nearest pound.

### **Critical accounting estimates and areas of judgement**

Preparation of the financial statements requires the trustees and management to make significant judgements and estimates.

The items in the financial statements where these judgements and estimates have been made include:

- ◆ estimating the useful economic life of tangible fixed assets for the purposes of determining the depreciation rate;
- ◆ the valuation of social investments;
- ◆ the allocation of support costs; and
- ◆ estimating future income and expenditure flows for the purpose of assessing going concern basis.

### **Assessment of going concern**

The trustees have assessed whether the use of the going concern assumption is appropriate in preparing these financial statements. The trustees have made this assessment in respect of a period of one year from the date of approval of these financial statements based on appropriate budgets and forecasts.

As a result of this review, the trustees of the charity have concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern. The trustees are of the opinion that the charity will have sufficient resources to meet its liabilities as they fall due.

## Principal accounting policies 31 December 2022

### Company status

The charitable company is a company limited by guarantee and has no share capital. The liability of each member in the event of winding-up is limited to £1.

### Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the trustees in furtherance of the general objectives of the charitable company and which have not been designated for other purposes.

Designated funds are set aside at the discretion of the trustees for specific projects or strategic priorities.

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged against the specific fund.

### Income recognition

Income is recognised in the statement of financial activities when the charitable company has entitlement to the funds, receipt is probable and the amount can be measured with sufficient reliability.

Donations are recognised when the charity has confirmation of both the amount and settlement date. In the event of donations pledged but not received, the amount is accrued for where the receipt is considered probable. In the event that a donation is subject to conditions that require a level of performance before the charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the charity and it is probable that those conditions will be fulfilled in the reporting period.

In accordance with the Charities SORP FRS 102 volunteer time is not recognised.

Grants from government and other agencies have been included as income from charitable activities where these amount to a contract for services, but as donations where the money is given in response to an appeal or with greater freedom of use, for example monies for core funding.

Where the Young Foundation is a member of a consortium, for example on certain EU funded programmes, only the income and expenditure which is specific to the Young Foundation is recognised in the financial statements.

Income is deferred only when the charity has to fulfil conditions before becoming entitled to it or where the donor or funder has specified that the income is to be expended in a future period.

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

**Income recognition (continued)**

Donated services provided to the charity are recognised in the period when it is probable that the economic benefits will flow to the charity, provided they can be measured reliably. This is normally when the service is provided. An equivalent amount is included in expenditure. Donated services are recognised on the basis of the value of the gift to the charity which is the amount the charity would have been willing to pay to obtain the services of equivalent economic benefit on the open market.

**Expenditure recognition**

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

All expenditure is accounted for on an accruals basis and has been included under expense categories that aggregate all costs for allocation to activities.

All expenditure is inclusive of irrecoverable VAT.

Expenditure on charitable activities includes all costs associated with furthering the charitable purposes of the charity through the provision of its charitable activities. Such costs include direct and support costs of projects, including governance costs and where appropriate charitable grants.

Grants payable are included in the statement of financial activities when approved and when the intended recipient has either received the funds or been informed of the decision to make the grant and has satisfied all performance conditions. Grants approved but not paid at the end of the financial year are accrued.

**Allocation of support and governance costs**

Support costs are those costs incurred directly in support of expenditure on the objects of the company and include project management carried out centrally.

Governance costs are those incurred in connection with the administration of the company and compliance with constitutional and statutory requirements.

Support costs are allocated across charitable expenditure on the basis of the number of staff employed in each activity.

**Tangible fixed assets and depreciation**

All assets costing more than £500 and with an expected useful life exceeding one year are capitalised.

Tangible fixed assets are stated at cost less depreciation. Depreciation is not charged on freehold land. Depreciation on other tangible fixed assets is provided at rates calculated to write off the cost of those assets, less their estimated residual value, over their expected useful lives on the following bases:

- ♦ Office equipment - 25% on a straight line basis
- ♦ IT equipment - 33% on a straight line basis

#### **Other financial instruments**

The charity has considered FRS 102 sections 11 and 12, identifying and classifying financial instruments as 'basic' and 'other'. The charity only has financial assets and liabilities of a kind that qualify as basic financial instruments. Basic financial instruments, including trade and other debtors and creditors, are initially recognised at transaction value and subsequently measured at their settlement value.

#### **Social investments**

Social investments are investments made directly in pursuit of the charity's charitable purposes. Unquoted equity investments are held at cost, less any provision for diminution in value or add any increase in value, while loans are recorded at cost less any provisions to reflect non-recoverability. All gains and losses on social investments are taken to the Statement of Financial Activities as they arise and are recognised within charitable activities.

#### **Listed Investments**

Listed investments that are a form of basic financial instrument are initially recognised at their transaction value and subsequently measured at their fair value as at the reporting date using the closing quoted market price.

All gains and losses on investments are taken to the Statement of Financial Activities as they arise. Realised gains and losses on investments are calculated as the difference between sales proceeds and transaction value. Unrealised gains and losses for the year are calculated as the difference between the fair value at the year end and the opening carrying value, or the transaction value if acquired in the financial year. Realised and unrealised gains and losses on investments are combined in the Statement of Financial Activities.

#### **Debtors**

Debtors are recognised at the settlement amount, less any provision for non-recoverability. Prepayments are valued at the amount prepaid. They have been discounted to the present value of the future cash receipt where such discounting is material.

#### **Cash at bank and in hand**

Cash at bank and in hand represents such accounts and instruments that are available on demand or have a maturity of less than three months from the date of acquisition.

#### **Creditors and provisions**

Creditors and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Creditors and provisions are recognised at the amount the charity anticipates it will pay to settle the debt. They have been discounted to the present value of the future cash payment where such discounting is material.

**Leased assets**

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the statement of financial activities on a straight-line basis over the term of the lease.

**Pension contributions**

The charity participates in the Universities Superannuation Scheme (USS), a defined benefit scheme which is contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the scheme's assets are not hypothecated to individual institutions and a scheme-wide contribution rate is set. The charity is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. FRS 102 makes the distinction between a group plan and a multi-employer scheme. A group plan consists of a collection of entities under common control typically with a sponsoring employer. A multi-employer scheme is a scheme for entities not under common control and represents (typically) an industry-wide scheme such as that provided by USS. Therefore, as required by FRS 102, the charity accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period. There is currently no deficit funding plan in place, other than increased employer contributions, and therefore no liability has been recognised.

In February 2015, a defined contribution scheme, (the Peoples Pension) was established for staff not working on research. Contributions in respect of the defined contribution scheme are charged to the statement of financial activities when they are payable to the scheme. The charity has no liability beyond making its contributions and paying across the deductions for the employee contributions.



Notes to the financial statements Year ended 31 December 2022

1a Income from charitable activities – grants and other fees earned

	Unrestricted funds £	Restricted funds £	2022 Total funds £
Communities	415,406	245,269	660,675
Research	536,045	257,237	793,282
Social Investment and Innovation	281,839	1,000,000	1,281,839
<b>2022 Total funds</b>	<b>1,233,290</b>	<b>1,502,506</b>	<b>2,735,796</b>

	Unrestricted funds £	Restricted funds £	2021 Total funds £
Communities	652,375	334,270	986,645
Research	619,076	676,782	1,295,858
Social Investment and Innovation	—	739,330	739,330
<b>2021 Total funds</b>	<b>1,271,451</b>	<b>1,750,382</b>	<b>3,021,833</b>

1b Income from charitable activities – other income

	Unrestricted funds £	Restricted funds £	2022 Total funds £
VAT recovery	12,774	-	12,774
Speaking fees, events and publications	3,770	-	3,770
Other	573	-	573
<b>2022 Total funds</b>	<b>17,117</b>	<b>-</b>	<b>17,117</b>

	Unrestricted funds £	Restricted funds £	2021 Total funds £
Hub for social innovation – rent and room hire	(748)	—	(748)
VAT recovery	33,481	—	33,481
Tenant recharges	184	—	184
Speaking fees, events and publications	575	—	575
Gain on sale of building	1,988,947	—	1,988,947
Gain on conversion of YAIF Project	47,343	—	47,343
Other	(1,847)	—	(1,847)
<b>2021 Total funds</b>	<b>2,067,935</b>	<b>—</b>	<b>2,067,935</b>

## Notes to the financial statements Year ended 31 December 2022

### 2 Income from investments

	Unrestricted funds £	Restricted funds £	2022 Total funds £
Interest receivable on cash deposits	8,587	-	8,587
Income receivable from investment fund	46,913	-	46,913
<b>2022 Total funds</b>	<b>55,500</b>	<b>-</b>	<b>55,500</b>

	Unrestricted funds £	Restricted funds £	2021 Total funds £
Interest receivable on cash deposits	356	-	356
<b>2021 Total funds</b>	<b>356</b>	<b>-</b>	<b>356</b>

### 3 Expenditure on charitable activities

	Unrestricted direct costs £	Unrestricted support costs £	Restricted direct costs £	Restricted support costs £	2022 Total funds £
Communities	271,592	198,550	367,409	-	837,551
Research	330,386	555,919	565,177	-	1,451,482
Social Investment and Innovation	210,358	198,568	132,967	-	541,893
<b>2022 Total funds</b>	<b>812,336</b>	<b>953,037</b>	<b>1,065,553</b>	<b>-</b>	<b>2,830,926</b>

	Unrestricted direct costs £	Unrestricted support costs £	Restricted direct costs £	Restricted support costs £	2021 Total funds £
Communities	560,753	140,211	70,142	-	771,106
Research	427,222	280,422	299,934	99,061	1,106,639
Social Investment and Innovation	2,473	93,474	459,463	126,330	681,740
<b>2021 Total funds</b>	<b>990,448</b>	<b>514,107</b>	<b>829,539</b>	<b>225,391</b>	<b>2,559,485</b>

#### Allocation of support costs

Support costs have been allocated across charitable expenditure on the basis of the number of staff employed in each activity. The net costs after allocation are shown below

	2022 £	2021 £
Development, Administration, Finance and Human Resources	912,959	644,427
Information technology	1,535	52,615
Governance costs		
· Auditor's remuneration	16,650	17,958
· Staff costs	21,893	24,497

**Notes to the financial statements Year ended 31 December 2022**

	<b>953,037</b>	<b>739,498</b>
<b>4 Staff costs and remuneration of key management personnel</b>		
	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Wages and salaries	<b>1,452,778</b>	1,198,404
Social security costs	<b>159,623</b>	115,354
Other pension costs	<b>179,990</b>	140,476
	<b>1,792,391</b>	<b>1,454,234</b>

During the year, the Young Foundation made total termination payments of £nil (2021 – £58,856). These are included within wages and salaries.

The average head count during 2022 was 35 (2021 – 30).

The average, full time equivalent number of staff analysed by function is:

	<b>2022</b>	<b>2021</b>
Charitable activities	<b>24.1</b>	22.5
Support	<b>6.0</b>	4.3
	<b>30.1</b>	<b>26.8</b>

The number of higher paid employees was:

	<b>2022</b>	<b>2021</b>
	<b>No.</b>	<b>No.</b>
£60,000 - £70,000	-	2
£80,001 - £90,000	<b>4</b>	-
£100,001 - £110,000	<b>1</b>	1
	<b>5</b>	<b>3</b>

These employees are accruing retirement benefits under either a defined benefits or defined contribution scheme. Employer contributions made in respect of these individuals totalled £50,295 (2021 – £32,538).

The key management personnel of the charity in charge of directing, controlling, running and operating the charity on a day to day basis comprises the trustees, the Chief Executive and the senior management team. The total remuneration (including taxable benefits, employer's pension contributions and national insurance costs) of the key management personnel for the year was £549,042 (2021 – £320,491). The cost of key leadership personnel employed as contractors on an interim basis during the year was £ nil (2021: £99,330).

No remuneration was paid to any trustee during the year. Trustees' travel and accommodation expenses of £288 were reimbursed during the year to one trustee. (2021 – £nil).

## Notes to the financial statements Year ended 31 December 2022

### 5 Net expenditure for the year

This is stated after charging:

	2022 £	2021 £
Auditor's remuneration (excluding VAT):		
. Audit – current year	14,500	10,750
. Audit – prior year	2,150	5,700
Depreciation	13,872	4,068

### 6 Taxation

The Young Foundation is a registered charity and therefore is not liable to income tax or corporation tax on income derived from its charitable activities as it falls within the various exemptions available to registered charities.

### 7 Tangible fixed assets

	IT equipment £	Total £
<b>Cost</b>		
At 1 January 2022	41,207	41,207
Additions	4,307	4,307
At 31 December 2022	45,514	45,514
<b>Depreciation</b>		
At 1 January 2022	5,072	5,072
Charge for the year	13,872	13,872
At 31 December 2022	18,944	18,944
NBV at 31 December 2022	26,570	26,570
NBV at 1 January 2022	36,135	36,135

### 8 Investments

	2022 £	2021 £
a) Social investments	176,616	423,866
b) Listed investments	2,753,074	-
Total at 31 December	2,929,690	423,866

## Notes to the financial statements Year ended 31 December 2022

### 8 Investments (continued)

a) Social investments	YAIF Social Investment 2022 £	YAIF Social Investment 2021 £
Fair value at 1 January 2022	423,866	595,247
Impairment (charge)/reversal	(110,538)	62,087
Repayments	(136,712)	(233,468)
Fair value at 31 December 2022	176,616	423,866
Historic cost	851,472	851,472

The Young Foundation has made social investments through the Young Academy Investment Fund which has been established by the Young Foundation with funding from the Social Incubator Fund, which is administered by the Big Lottery Fund on behalf of the Cabinet Office and UBS. The initial investments were made by way of convertible loan notes. Many of these instruments have now been converted into loans with repayments linked to revenue.

At 31 December 2022, the split was as follows:

	2022 £	2021 £
Convertible loan notes/Equity	63,985	153,188
Revenue participation loans	112,631	270,678
	176,616	423,866

The social investments include convertible loan notes issued to Think for the Future, Potentially and CPDBee and revenue participation loans to Edukit, Proversity, Infused Learning, Structural Learning, Smart Schools Council, Talent-Ed Education, GT Scholars, Panjango, and East Learning CIC.

The Young Foundation holds shares in a community interest company Mydex Data Services. At this stage in Mydex's development, it has been decided to not to put a value on the shareholding in the Young Foundation's financial statements. The shareholding is treated as a social investment as it is made directly in pursuit of the Young Foundation's charitable purposes.

The Young Academy investments were reviewed internally for diminution in value. In 2022, there was a reduction in the impairment provision of £3,460, representing a repayment of previously impaired assets, however this was offset by a further impairment provision of £113,998. The valuation of social investments is based on the most up to date information available to trustees on future income and cash flows and following the year end, no further material diminution in value has been noted.

b) Listed investments	Cazenove 2022 £	Cazenove 2021 £
Market value at 1 January 2022	-	-
Additions	2,298,323	-
Movement in cash	501,677	-
Unrealised Investment Loss	(46,926)	-
Market value at 31 December 2022	2,753,074	-
Historic cost	2,800,000	-

## Notes to the financial statements Year ended 31 December 2022

### 8 Investments (continued)

#### Listed investments (continued)

100% of the listed investment portfolio is held within the Cazenove Charity Responsible Multi Asset Fund.

At 31 December 2022, the split of the fund's assets was as follows:

	2022 £	2021 £
Fixed interest	273,765	-
UK equities	84,549	-
Overseas equities	1,540,401	-
Property	149,912	-
Alternative investments	202,770	-
Cash	501,677	-
	<b>2,753,074</b>	-

The significance of financial instruments to the ongoing financial sustainability of the Charity is considered in the financial review section of the Trustees' Annual Report. The main risk to the Charity from financial instruments in the future lies in the combination of uncertain investment markets and volatility in yield, which is mitigated through the Charity's investment policy.

### 9 Debtors and prepayments

	2022 £	2021 £
Trade debtors	337,548	460,028
Prepayments and accrued income	812,314	440,609
	<b>1,149,862</b>	900,637

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

	2022 £	2021 £
Trade creditors	115,412	53,670
Other creditors	121,111	91,824
YAIF loan	-	36,500
Accrued expenditure	73,229	47,436
Deferred income	172,445	99,598
	<b>482,197</b>	329,028

Included in creditors is deferred income as set out below:

	2022 £	2021 £
Deferred income at 1 January 2022	99,598	258,057
Resources deferred in the year	172,445	99,598
Amounts released in the year	(99,598)	(258,057)
Deferred income at 31 December 2022	<b>172,445</b>	99,598

Deferred income comprises funds received in advance in relation to several contracts in progress at the year end.

## Notes to the financial statements Year ended 31 December 2022

### 11 Liability of members

The charity is a company limited by guarantee, each member being liable for a sum not exceeding £1 in the event of the company being wound up.

### 12 Movement in funds

	Balance at 1 January 2022 £	Net income/ (expenditure) £	Transfers £	Balance at 31 December 2022 £
Restricted funds	1,602,822	385,452	(260,228)	1,728,046
Unrestricted funds				
· General fund	702,729	(530,408)	160,228	332,549
Designated funds				
· YAIF Management Fund	-	(35,020)	100,000	64,980
· Property fund	2,900,000	-	-	2,900,000
	3,602,729	(565,428)	260,228	3,297,529
Total funds	5,205,551	(179,976)	-	5,025,575

The property fund represented the charity's investment in property which created a hub for social innovation and for nurturing new organisations as well as acting as a base from which the charity could carry out its operations. The property was sold in early 2021. However, £2.9 million has been designated by the trustees for possible future use in the purchase of a property.

During 2022, UBS allowed its YAIF restricted funds to be reclassified as unrestricted. £100,000 of these funds were designated to fund the future management costs of the YAIF investments.

Restricted funds represent grant income for specific charitable projects as set out in note 13.

	Balance at 1 January 2021 £	Net income £	Transfers £	Balance at 31 December 2021 £
Restricted funds	1,064,007	757,539	(218,724)	1,602,822
Unrestricted funds				
· General fund	1,548,818	1,835,187	(2,681,276)	702,729
· Property fund	-	-	2,900,000	2,900,000
	1,548,818	1,835,187	218,824	3,602,729
Total funds	2,612,825	2,592,726	-	5,205,551

## Notes to the financial statements Year ended 31 December 2022

### 13 Restricted fund analysis

The movement in restricted funds in 2022 was:

	Balance at 1 January 2022	Income	Expenditure	Net investment loss	Transfers	Balance at 31 December 2022
	£	£	£	£	£	£
<b>Research</b>						
EU Horizon 20 20- Clever Cities	31,191	-	(17,152)	-	-	14,039
NCS Trust CIC Civic Journey	461,421	160,000	(343,613)	-	-	277,808
YFF Kickstart	3,502	11,544	(15,046)	-	-	-
DWP Kickstart	7,161	43,173	(50,334)	-	-	-
EU Horizon 20 20- UPLIFT	172,912	(20,105)	(127,211)	-	-	25,596
Calouste Gulbenkian Foundation - Battersea Arts Centre	589	-	-	-	(589)	-
UPP Foundation - Civic University	4,316	-	(4,210)	-	(106)	-
Kings' College London - Undisciplined Spaces	-	60,000	(4,472)	-	-	55,528
Bexley NRPF Ethnography	-	(4,500)	-	-	4,500	-
Trust for London	-	7,127	(7,127)	-	-	-
<b>Total Research</b>	<b>681,092</b>	<b>257,239</b>	<b>(569,165)</b>		<b>3,805</b>	<b>372,971</b>
<b>Communities</b>						
Nuffield Foundation Net Zero	233,478	-	(144,160)	-	-	89,318
Power To Change Legacy Grant	26,900	50,000	(42,793)	-	-	34,107
Power to Change Strategic Grant	3,750	45,000	(37,587)	-	-	11,163
Power to Change Dashboard Grant	-	9,000	(155)	-	-	8,845
DCMS Volunteering Journeys	-	141,267	(135,007)	-	39,380	45,640
<b>Total Communities</b>	<b>264,128</b>	<b>245,267</b>	<b>(359,702)</b>		<b>39,380</b>	<b>189,073</b>
<b>Social Innovation and Practice</b>						
The Young Academy Social Incubator Fund Grant	423,866	-	-	(51,501)	(275,514)	96,852
UBS AG - Young Academy Fund Management	18,143	10,000	(244)	-	(27,899)	-
UKRI Community Grant Fund	-	990,000	-	-	-	990,000
Cabinet Office BOOST	171,345	-	(120,541)	-	-	50,804
YA Revenue Participation	13,260	-	-	-	-	13,260
BEIS COP26 Climate Challenge Cup	30,988	-	(15,901)	-	-	15,087
<b>Total Social Innovation and Investment</b>	<b>657,602</b>	<b>1,000,000</b>	<b>(136,686)</b>	<b>(51,501)</b>	<b>(303,413)</b>	<b>1,166,002</b>
<b>Total Restricted Funds</b>	<b>1,602,822</b>	<b>1,502,506</b>	<b>(1,065,553)</b>	<b>(51,501)</b>	<b>(260,228)</b>	<b>1,728,046</b>

The Young Academy is an impact first investment fund set up by The Young Foundation to provide finance to early stage social ventures whose work tackles education inequality in England. The Young Academy has received £1,391,016 from the Social Incubator Fund which is administered on behalf of the Cabinet Office by the Big Lottery Fund.

During the year, net transfers of £260,228 were made from restricted funds to the unrestricted fund. The significant part of these transfers was in relation to repayments to and the revaluation of the Young Academy Investment Fund.



## Notes to the financial statements Year ended 31 December 2022

### 13 Restricted fund analysis (continued)

The movement in restricted funds in 2021 was:

	Balance at 1 January 2021 £	Income £	Expenditure £	Net investment gain £	Transfers £	Balance at 31 December 2021 £
<b>Research</b>						
EU Horizon 20 20- Clever Cities	19,337	28,015	(16,161)	—	—	31,191
NCS Trust CIC Civic Journey	—	497,999	(36,578)	—	—	461,421
YFF Kickstart	—	37,478	(33,976)	—	—	3,502
DWP Kickstart	—	107,630	(100,469)	—	—	7,161
EU Horizon 20 20- UPLIFT	229,111	—	(56,199)	—	—	172,912
Paul Hamlyn Foundation - Peer Research	36,274	—	(36,274)	—	—	—
Calouste Gulbenkian Foundation - Battersea Arts Centre	11,375	—	(10,786)	—	—	589
UPP Foundation - Civic University	16,401	—	(12,085)	—	—	4,316
The Wellcome Trust- COVID-19	45,265	—	(45,265)	—	—	—
Kings' College London - Undisciplined Spaces	14,337	5,660	(19,997)	—	—	—
National Lottery Community Fund - Emerging Futures	31,205	—	(31,205)	—	—	—
<b>Total Research</b>	<b>403,305</b>	<b>676,782</b>	<b>(398,995)</b>	<b>—</b>	<b>—</b>	<b>681,092</b>
<b>Communities</b>						
Nuffield Foundation Net Zero	—	250,520	(17,042)	—	—	233,478
Power To Change Legacy Grant	—	50,000	(23,100)	—	—	26,900
Power to Change Strategic Grant	—	33,750	(30,000)	—	—	3,750
<b>Total Communities</b>	<b>—</b>	<b>334,270</b>	<b>(70,142)</b>	<b>—</b>	<b>—</b>	<b>264,128</b>
<b>Social Innovation and Investment</b>						
The Young Academy Social Incubator Fund Grant	595,247	—	(14,744)	62,087	(218,724)	423,866
UBS AG - Young Academy Fund Management	44,695	25,000	(51,552)	—	—	18,143
Young Academy Accelerator 2019	2,500	—	(2,500)	—	—	—
DCMS Boost 2021	—	196,330	(196,330)	—	—	—
NASS Incubator	5,000	3,000	(8,000)	—	—	—
Cabinet Office BOOST	—	390,000	(218,655)	—	—	171,345
YA Revenue Participation	13,260	—	—	—	—	13,260
BEIS COP26 Climate Challenge Cup	—	125,000	(94,012)	—	—	30,988
<b>Total Social Innovation and Investment</b>	<b>660,702</b>	<b>739,330</b>	<b>(585,793)</b>	<b>62,087</b>	<b>(218,724)</b>	<b>657,602</b>
<b>Total Restricted Funds</b>	<b>1,064,007</b>	<b>1,750,382</b>	<b>(1,054,930)</b>	<b>62,087</b>	<b>(218,724)</b>	<b>1,602,822</b>

## Notes to the financial statements Year ended 31 December 2022

### 14 Analysis of net assets between funds

	Unrestricted			2022
	General	Designated	Restricted	Total
	£	£	£	£
Tangible fixed assets	26,570	-	-	26,570
Social Investments	79,764	-	96,852	176,616
Listed Investments	-	2,753,074	-	2,753,074
Net current assets	226,215	211,906	1,631,194	2,069,315
	<u>332,549</u>	<u>2,964,980</u>	<u>1,728,046</u>	<u>5,025,575</u>

	Unrestricted			2021
	General	Designated	Restricted	Total
	£	£	£	£
Tangible fixed assets	36,135	-	-	36,135
Social Investments	-	-	423,866	423,866
Net current assets	666,594	2,900,000	1,178,956	4,745,550
	<u>702,729</u>	<u>2,900,000</u>	<u>1,602,822</u>	<u>5,205,551</u>

### 15 Related party transactions

During the year Power to Change made two grants to The Young Foundation, totalling £50,000 (2021: £137,750). The trustee has resigned from positions with both organisations early in 2022. In addition, one of The Young Foundation management team is a former member of the Power to Change management team and continues to be an unremunerated senior associate. This staff member has resigned during 2023.

### 16 Commitments

The Young Foundation participates in the Universities Superannuation Scheme. The scheme is a hybrid pension scheme, providing defined benefits (for all members), as well as defined contribution benefits. The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the assets are not attributed to individual institutions and a scheme-wide contribution rate is set. The Young Foundation is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. As required by Section 28 of FRS 102 "Employee benefits", The Young Foundation therefore accounts for the scheme as if it were a wholly defined contribution scheme. As a result, the amount charged to the profit and loss account represents the contributions payable to the scheme.

The total cost charged to the statement of financial activities for USS Pension Contributions is £143,143 (2021 – £114,190). This includes £Nil (2021 – £nil) outstanding contributions at the balance sheet date.

The latest available complete actuarial valuation of the Retirement Income Builder section of the Scheme is at 31 March 2020 (the valuation date), which was carried out using the projected unit method. Since the Young Foundation cannot identify its share of Retirement Income Builder Section of the Scheme assets and liabilities, the following disclosures reflect those relevant for the section as a whole.

## 16 Commitments (continued)

The 2020 valuation for USS was under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £66.5 billion and the value of the scheme's technical provisions was £80.6 billion indicating a shortfall of £14.1 billion. An alternative way of expressing the position is that the Scheme's assets were sufficient to cover 82.5% of its liabilities – this percentage is known as the funding level of the Scheme.

The deficit has been determined assuming taking into account a number of changes which took effect from 1<sup>st</sup> April 2022 are made from 1 April 2022.

### Previous benefits in the Scheme

- ◆ The valuation and report relate solely to the defined benefits section of the Scheme in respect of benefits accrued up to the valuation date. Contribution requirements relate to both the defined benefit and defined contribution sections of the Scheme.
- ◆ The benefits valued are as set out in the Trust Deed and Rules dated 19 November 2015, as subsequently amended. A summary of the Scheme benefits for current active members is available on the USS website. I have made no allowance for discretionary pension increases.
- ◆ The future service rates allow for the increase in Normal Pension Age to 66 from October 2020.
- ◆ Members' benefits are yet to be adjusted to remove inequalities caused by GMPs earned after 17 May 1990. Current benefits have been valued. The Scheme's rules neutralise the vast majority of any inequality arising from GMPs and therefore the impact of GMP equalisation is not expected to be material in the context of the Scheme.
- ◆ A number of members with deferred benefits retain a right to a transfer value on a higher short service benefit. The transfer value is potentially greater than the reserve held in the valuation for the deferred benefit. Further investigations are being undertaken and for the purposes of the valuation an approximate allowance for this potentially more valuable benefit in the technical provisions has been made.

## 16 Commitments (continued)

### Future benefit changes

In outline, the JNC recommendation is to maintain the existing hybrid defined benefit / defined contribution structure but modified in the following way for benefits accrued from 1 April 2022:

1. Reduction in salary threshold from c £60,000 pa to £40,000 pa.
2. Reduction in accrual rate from 1/75 to 1/85.
3. Pension increases and revaluation before retirement restricted to CPI up to a maximum of 2.5% pa.
4. Leavers with more than three months' but less than two years' service would receive the standard deferred benefit rather than the current entitlement to a lower benefit based solely on member contributions.

Defined benefit liability numbers for the scheme for accounting purposes have been produced using the following assumptions as at 31 March 2021 and 2022:

The projected funding levels three years after the valuation date are shown below.

These projections are made on the basis that:

- ◆ a deed effecting the recommendation of the JNC is entered into on or before 28 February 2022;
- ◆ the active membership remains broadly the same;
- ◆ experience from the valuation date is in line with the assumptions underlying the technical provisions, as set out in the Statement of Funding Principles, including additional returns on assets of 0.5% pa higher than the discount rates;
- ◆ contributions are paid as set out in the Schedule of Contributions; and
- ◆ there is no change in the insurers' buy-out pricing.

	2022	2021
Scheme assets	88.9bn	£80.6bn
Total scheme liabilities	91.0bn	£86.2bn
FRS 102 total scheme deficit	2.1bn	£5.6bn
FRS 102 total funding level	98%	94%