

nesta

Annual report and accounts

For the year ended 31 March 2025



About Nesta

Nesta is a research and innovation foundation that designs, tests and scales solutions for the biggest challenges of our time.

Driven by a vision to improve the lives of millions of people, our focus up to 2030 is on three missions: breaking the link between family background and life chances, halving obesity and cutting household carbon emissions.

We work with partners to develop high-potential solutions and test them as they evolve, drawing on expertise in qualitative and quantitative research, data science, behavioural science and design.

Once confident in the effectiveness of a solution, we take it to scale. We create national policy proposals, develop consumer-facing products and services, build and spin out commercial ventures and harness the power of the arts.

We work with two specialised units: BIT applies a deep understanding of human behaviour to help clients achieve their goals. Challenge Works designs and runs challenge prizes to spark innovation in science, technology and society.

Find out more at: www.nesta.org.uk

Annual report and accounts

For the year ended 31 March 2025

Trustees

4

1. Foreword: Ed Richards and Ravi Gurumurthy

5

2. Strategic overview

7

3. Financial review

31

4. Objects

38

5. Governance and management

39

6. Independent auditor's report

50

7. Financial statements

53

8. Reference and administrative details

93

Trustees



Ed Richards
Nesta's Chair

Founding Partner,
Flint Global Ltd



Sarah Hunter
Trustee

Technology and policy expert
and Non Executive Director at
ARIA, the Advanced Research
and Invention Agency



Catherine Brien
Trustee

Partner and Managing
Director at AlixPartners



Jeremy King
Trustee

Co-Founder and CEO
at Ocean Orchestra



**Lord Richard
Harrington**
Trustee

British politician and
businessman



Helena Vinnicombe
Trustee

Specialist in investment
management for Charities



Jane Thompson
Trustee

Consumer Technology
expert, co-founder of
The Fusion Labs



Richard Lloyd Owen
Trustee

Chair at University of
South Wales

1. Foreword: Ed Richards and Ravi Gurumurthy

For the past four years, Nesta's purpose as a mission-driven organisation has been to design, test, and scale new solutions to society's biggest problems focused on giving children a fairer start by age five, halving obesity in the UK, and drastically reducing home carbon emissions.

This revised strategy marked a substantial shift for Nesta, moving us from being primarily an enabler to an active agent of change, seeking to identify and scale innovative solutions through broad coalitions. Several years into this strategy, we are increasingly confident in our approach. Our recent strategy update is an evolution, not a wholesale change, reinforcing our core ambition while acknowledging new opportunities. We are putting even more weight behind our missions, deepening our policy work, and tooling up for scaling the solutions we've identified.

We continue to see our role as threefold, with each part reinforcing the others. First, we operate as an innovation partner, designing and testing solutions directly with organisations on the frontline. This year, we continued impactful collaborations with retailers on health strategies, with energy companies on innovative clean heat trials, and with local authorities on integrated family support, while also exploring how AI can support early childhood development.

Second, we act as a venture builder, actively building and investing in innovative start-ups. Our ventures, like Carno, making clean heat transitions easier, and Ogma, an AI-powered speech and language therapy assistant, have continued to grow.

Third, we serve as a system shaper, influencing the policies and institutions crucial for embedding innovation and maximising impact. This role was particularly vital throughout the past year, as our Delivering clean heat report influenced the UK government's warm homes plan, and our evidence-based advocacy, including our Blueprint for halving obesity, continued to shape national conversations around mandatory health targets for retailers and integrated early years policy.

Our three roles are most powerful when they work in concert, harnessing synergies to create exponential impact. Our policy work on health targets, for instance, is directly informed by our practical trials with major retailers, and our investments in clean energy solutions complement our advocacy for policy frameworks that accelerate decarbonisation. This mission-driven work is significantly strengthened by the contributions from within Nesta's owned entities – our global consultancy, the Behavioural Insights Team (BIT), and Challenge Works, which designs and delivers high-impact challenge prizes. Together, we are a global powerhouse of applied research and innovation.

This year, BIT continued our impactful work, from developing and evaluating a global childhood obesity prevention initiative in multiple countries to pioneering research on promoting more effective use of insecticide-treated nets in Nigeria and Uganda. In education, we adapted flagship programmes like Grassroots and Tips by Text for the UK context, while also tackling school dropout rates in Morocco and absenteeism in Uruguay. Our work also extended to environment and sustainability, inclusive societies, and expanding international collaborations, including strategic support to the Abu Dhabi Government's Behavioural Science Group. We have also been at the forefront of exploring how AI can enhance research and solve social challenges, and we published world-class thought leadership – such as through resources like the EAST framework, which has been translated into multiple languages. This year, we have also reviewed and updated our brand positioning and identity.

Challenge Works has continued to demonstrate our global leadership in incentivising breakthrough innovation. This year saw the successful conclusion of major competitions such as the £8 million Longitude Prize on antimicrobial resistance (AMR), awarded for a rapid point-of-care test for bacterial infections, the inaugural £1 million Manchester Prize for AI solutions in energy, environment, and infrastructure, and the Aqualunar Challenge for lunar water purification. We also launched new initiatives,

including the £1 million West Yorkshire Mayor's Big Ideas Challenge to address health inequalities and the Smart Data Challenge Prize, designed to prototype innovative data use cases across the economy, alongside new partnerships with organisations like the Advanced Research and Innovation Agency (ARIA) and the Van Leer Foundation.

As an innovation agency, by our very nature, we are focused on the future and the possibilities that lie ahead. In the year to come, in each of our missions, we'll continue to combine practical action through our experiments, prizes and venture building, with our crucial work to shape policies and institutions. We know the hardest part – driving impact at real scale – remains ahead of us, and it's never been more important that, as a society, we collectively make progress on these issues and do whatever it takes to get there. We cannot do this alone, and we invite others who share our vision to join with us to create meaningful, lasting change.



Ed Richards
Chair of Trustees



Ravi Gurumurthy
Nesta Chief Executive

2. Strategic overview

Nesta designs, tests and scales solutions to society's biggest challenges.

We are now four years into our 10-year mission-driven strategy, focused on tackling three major societal challenges: a fairer start, a healthier life, and a sustainable future. We deliver on these missions through our three core roles: as an innovation partner, working with frontline organisations; as a venture builder, investing in and creating new ventures; and as a system shaper, influencing the policies and institutions that drive innovation.

To ensure our work is future-focused, our Discovery Hub systematically scans for emerging trends and technologies. We also work globally through our two consultancies, BIT and Challenge Works, which support our missions and keep Nesta at the forefront of innovation worldwide.

In 2024/25, we made significant progress across our missions, from launching the visit a heat pump service to advancing our work on a healthier food system and integrated family support. Our global ventures also saw major milestones, as Challenge Works awarded the £8 million Longitude Prize on AMR and Nesta Impact Investments delivered its largest-ever return.

Despite celebrating significant milestones, our progress in 2024/25 also highlighted the demanding scale of our 2030 missions. Key challenges include the need for a substantial increase in heat pump installations and a skilled workforce, slow progress in early years development outcomes, and the complexity of ensuring effective policy implementation within the food system. Our work is directly addressing these issues, but sustained effort and broad commitment will be essential.

Applied research and policy

Working across the innovation lifecycle – Nesta as a powerhouse of applied methods

Nesta works across the innovation lifecycle to design, test and scale solutions to social challenges using our multidisciplinary expertise.

To achieve our mission goals, we use our expertise in a diverse range of methods.

We use the arts to embed creative thinking directly into our programmes of work, channelling the unique powers of creativity and culture into our three missions, for example, supporting early childhood development through [Play Together, Talk Together](#), a series of inclusive play installations launched with Leeds City Council.

We use data engineering to build and manage the foundations that enable us to turn data into products, information, insight and impact – advancing our understanding through projects like the [Green Job Explorer](#), which offers new insights into the green labour market.

Analytical, data and technology skills are used to solve problems, test solutions and drive our missions forward, through deep expertise in data science methods and cutting-edge artificial intelligence techniques. In the past year, we have created a reliable, open-source dataset used for [mapping heat pump suitability](#) – which is now driving a [local heat planning tool](#) – and worked with government and industry partners to assess what it will take to achieve [targets for healthier food](#).

We use design expertise to build and test digital products, public services and policies, for example, accelerating home decarbonisation by pioneering [Clean Heat Neighbourhood models](#) to coordinate street-by-street switching.

Software development enables us to design, validate and scale software solutions to help achieve our mission goals. Using these skills, one of the solutions we built was the [Visit a heat pump](#) service, which connects people interested in buying a heat pump with people in their local area that already own one, helping to build confidence and normalise this low-carbon technology.

Enabling innovation

We use mixed methods research to design and evaluate Nesta's portfolio of projects, providing confidence in the rigour behind our mission solutions. Our applied researchers work within and across Nesta's mission teams in order to enable high-quality, impactful research throughout and across Nesta's portfolio.

In order to effectively scale our work at Nesta, we need to understand, design, and test our ideas in a way that is underpinned by research best practices and guided by our innovative methodological expertise.

Launched in April 2025, the applied research and methods (ARM) strategic function was created in response to key recommendations from our three-year strategy review, which identified a need to bolster our in-house technical talent and embed our methodological strengths more deeply within our mission-led work.

ARM acts as a cross-functional convening body, maximising our social impact by ensuring that our world-class methods expertise is applied at the right time and in the right projects. By championing methodological

rigour and fostering a culture of continuous learning, ARM drives methodological rigour and a culture of continuous learning to generate high-quality, actionable insights and paths to scale for our missions.

Our key focus areas are:

- > **Effectively applying expertise:** embedding and supporting methodological specialists within mission teams to ensure our work is built on robust evidence and cutting-edge analytical techniques from the outset.
- > **Empowering and amplifying talent:** nurturing in-house expertise through a dedicated learning and development programme, equipping our teams with the skills needed to tackle complex social challenges.
- > **Enhancing impact through strong oversight and governance:** improving and embedding our oversight processes, including quality assurance, model challenge, and ethical reviews, to ensure our work is consistently rigorous, responsible and reliable as we deliver at pace.

Impact and progress

Since its launch, ARM has focused on establishing the foundations for its success. We are empowering methods experts who are embedded in key mission projects by providing direct support and strategic guidance to enhance their design and delivery. We mapped existing methodological strengths and identified priority areas for development, informing the design of a targeted learning programme that will empower all our staff to utilise methods more effectively in their work. We also initiated a review of our quality assurance and ethical oversight frameworks to ensure they are fit for an increasingly complex analytical and technological landscape, including the responsible use of AI.

Looking ahead

Over the coming year, ARM will move from foundation-building to full implementation. We will roll out a comprehensive upskilling programme to ensure Nesta remains at the forefront of innovation, with a focus on increasing the number of independent practitioners in critical skill areas like trials and evaluation, test and learn design approaches, and digital tools that scale, as well as emerging and high-impact fields such as AI engineering. Ultimately, ARM will enable Nesta to become a powerhouse for public sector talent, cultivating the deep methodological expertise required to generate breakthroughs, increase the scale of impact through methodological innovation, and deliver lasting social change.

Other strategic capabilities

Our work is also propelled by three specialist capabilities: collective intelligence, which mobilised public knowledge for climate action; futures and foresight, which identified emerging trends to steer strategy; and policy, which translated evidence into ambitious government reforms.

Collective intelligence

Through the [Centre for Collective Intelligence](#), we have advanced the use of collective intelligence in climate action, citizen science, and AI governance. Highlights include publishing the [UNTAPPED report](#) with UNDP on collective intelligence for climate action, building the [Zeitgeist](#) digital deliberation platform to engage UK local residents in climate adaptation planning, mapping future scenarios for citizen science, and piloting community-led AI assurance tools in Türkiye to champion democratic technology governance.

Mission Discovery

Following the 2024 strategy update, our Discovery function was re-launched as 'Mission Discovery' to strengthen alignment with our missions. As part of this change, in February 2025, we launched a [Scaling Accelerator](#) to embed practical scaling skills, tools and mindsets into our work.

Mission Discovery continued to use futures and foresight to identify emerging trends important to Nesta's work. We published [Future Signals 2025](#), which shows the shape of things to come, cutting-edge data research on innovation in AI and digital technologies in the early years and we explored whether synthetic biology should be harnessed to tackle climate change.

Our pioneering [residency scheme](#) went from strength to strength, bringing in expertise around theory-based evaluation, public health, early years and AI.

Policy

We continue to leverage Nesta's expertise to develop and promote ideas that could enable progress on our missions, supporting the UK's governments in Westminster, Edinburgh and Cardiff to deliver better and more effectively. In the run-up to the UK general election in 2024, our [UK 2040 Options](#) project convened across sectors to identify the fundamental facts and key choices any next government would inherit on critical issues from productivity to education, and ideas that could help them make progress. We championed [mission driven government](#), supporting government to apply theory in practice, built [Be the Chancellor](#) with the IFS to help crystallise fiscal choices, looked outward to other's successes through [How to Make Good Things Happen](#) and held our first [Policy Live](#) conference bringing together practitioners and policymakers on both the 'what' and the 'how' from tax reform to citizen deliberation.

Extending our impact

To extend our impact, we can also draw on the expertise and capabilities of our two entities: BIT, which applies a deep understanding of human behaviour to help clients achieve their goals and Challenge Works, which designs and runs challenge prizes to spark innovation in science, technology and society.



A fairer start

Our fairer start mission is that from 2030, every child has the same chance of developing to their full potential in the early years.

The early years are when the foundations of physical, emotional and social development are laid, as outlined in our [explainer](#) on this subject. But babies and young children growing up in poverty are more likely to miss out on the resources and experiences needed for healthy development.

This year, we worked across a number of areas.:

- > To improve **the effectiveness and access to integrated family services** and support child development, we conducted a consultative and deliberative project to inform how the next era of integrated family support policy should be designed and pave the way to forming a coalition backing these recommendations.
- > Increasing **access to effective parenting programmes** can provide parents with the tools they need to support child development. Our practical work on parenting support continued to grow and diversify, with a range of collaborations underway.
- > **High-quality early education and care** can play an important role in improving child development outcomes for those growing up in low-income families. We continued our exploration of how AI could play a role in supporting the early years workforce through personalised support and professional training.
- > We recognise the need to **bolster the economic case for government spending** on the early years. This year, we began to develop a quantitative model to simulate the impact of evidence-based interventions on the early years government target.
- > Families need **financial security** to provide an optimal early years environment at home. We began to develop and test solutions that maximise the impacts of alleviating financial pressures on the home environment.

Our ambition for a fairer start for every child by 2030 continues to face significant systemic challenges. While we've seen positive policy shifts, prevailing fiscal constraints create a challenging environment for large-scale investment in early years services. Furthermore, progress in key outcomes remains slow, with only a minimal increase in children reaching a good level of development in England and

a decrease in Scotland. We are also actively addressing data gaps, particularly in Wales, to ensure we have the robust evidence needed to track progress and inform targeted interventions effectively. These challenges underscore the critical need for continued advocacy and the iterative refinement of our approaches to integrated family support and financial security.

2024/25 saw Nesta's voice in the early years sector grow, publishing research on key policy issues and engaging with the UK government. The government's Plan for Change has provided a positive policy environment for our mission, though fiscal constraints are highly challenging. The evidence base formed by our projects has led to significant interest from the UK government. We have seen regular engagement with government, such as through speakers from the Department for Education at our joint event on [scaling up effective parenting support](#), and several Nesta staff members are (or were) on secondment to government.

We published our learnings from a long-term innovation partnership with three local authorities to develop, design and test ideas for how innovation could transform early years services. This included a data product to optimise and target the interventions of health visitors and early education quality advisors towards the highest need children.

To improve parenting support, we collaborated with partners on four different interventions: testing a lower-cost version of the book-sharing intervention Playtime with Books in two local authorities; working with the BBC and Sheffield University to improve and scale the BBC's Tiny Happy People text messaging programme; assessing Tandem, an AI platform that creates personalised storybooks, for whether personalised stories offer a promising way to stimulate more meaningful child-caregiver interaction; and lastly, we are partnering with Art Fund and eight leading museums to develop a cost-effective intervention for child self-regulation, utilising cultural institutions to expand the real estate for early years programmes.

We set out our plan for a one-year pilot in partnership with Camden Council to provide means-tested cash transfers (£500) and a 'warm introduction' to local services for families in Camden expecting a baby in 2025/26.

We started to develop a quantitative model to simulate the impact of evidence-based interventions on the early years government target. We also commissioned an audit of government spending (for England) to analyse the level, progressivity and composition of spend across education, health, welfare, and children's services since 2010-11. We will use both to support our spending review recommendations, and plan to do a similar audit for Scotland next.

Activity in Wales

In Wales, we considered the opportunities offered by our new strategy. We worked with a high-profile and well-connected resident who engaged with a wide range of stakeholders to explore where there was the most opportunity for Nesta's strategic objectives to be pursued in Wales. Alongside this, we engaged with a number of Welsh government contacts to develop opportunities related to the expansion of Tiny Happy People into the Welsh language and build on data and insights from Flying Start to support our work on integrated family services across Great Britain. We also commissioned a spending audit in Wales to complement those done for England, which will provide a strong evidential foundation about the quantity and direction of early years funding. This will enable us to make evidence-informed recommendations for more optimal allocations.

Activity in Scotland

In Scotland, we've made significant progress in developing an innovation partnership with the Scottish Government on a project which aims to generate intelligence and insights about existing pregnancy and early years support in Scotland and make clear recommendations about what is required to change at the national and local level to strengthen and support practice and delivery to support improved early child outcomes.

🔍 Looking ahead

In 2025/26, we'll continue to work to influence early years policy across the three nations.

- > Our key focus for the year ahead is to **advocate and support practice on the ground** for the adoption of our policy framework for integration in the early years in England and Scotland, as well as push forward novel financial instruments to support this.
- > We will **influence policy and practice** to transition towards a more 'evidence-based' family support offer with regard to parenting programmes.
- > We will **design and test solutions to increase take-up of benefits**, ideally as part of integrated family support. We will also continue to develop a quantitative model to simulate the impact of evidence-based interventions on the early years government target.
- > We will kick off work to **identify the drivers of high-quality childcare**.

🔍 Case study: Mini Wonders

For many families, early childhood experiences are rich with opportunities for learning and play, but not every child has the same access to these experiences. Nesta's fairer start mission is working to change that, and our partnership with the Mini Wonders initiative is a prime example of our approach in action. This initiative, a collaborative project with leading UK museums and cultural institutions, aims to create new, evidence-based ways for families to support their young children's development.

The project began in 2024 with a grant of £1 million to fund innovation in the cultural sector. This investment was driven by a belief that museums and galleries, with their unique collections and spaces, can play a powerful role in early childhood development. Working with institutions such as the V&A and The Fitzwilliam Museum, the initiative focuses on leveraging their existing assets and expertise to benefit families with young children, particularly those from disadvantaged backgrounds.

We've been working to understand what truly works in this space. Our approach involves a blend of design thinking, robust evaluation, and a focus on scalability. The funded projects explore a range of activities, from

interactive gallery sessions for babies and toddlers to digital tools that support parent-child interaction at home. This test-and-learn ethos is a core part of our mission, allowing us to identify and refine the most effective methods before scaling them up.

By the end of the 2024/25 financial year, the initiative successfully launched a number of innovative projects that began to collect valuable data on what works in different settings. This early work will be crucial in helping us to develop a robust blueprint for how cultural institutions across the UK can become more integrated into the early years ecosystem, ultimately ensuring more children, regardless of their background, have a fairer start in life.



A healthy life

Nesta's healthy life mission aims to increase the number of healthy life years lived in the UK while narrowing health inequalities. Our mission goal is to halve the prevalence of obesity by 2030.

Our best chance of achieving our 2030 goal is through policy changes that alter the incentives of the food system and improve the food environment – how food is promoted, priced, displayed, and made available to us.

This year, we worked across a number of key areas.

- > We provided solutions by **synthesising and articulating the best evidence** for what it would take in practice to halve obesity and what the benefits would be.
- > We worked directly with retailers and producers to **pilot and trial examples of the changes** we'd hope policymakers would bring in and built evidence that taking the necessary action is not bad for business or consumers.
- > **We built the case for change** and prepared the ground for policy influence by creating a burning platform for obesity, ensuring that the government believes obesity is an issue worth tackling.
- > We **shaped the attitudes of the small handful of decision-makers** who hold the most influence, persuading those with the power to act to do so.

In 2024/25, Nesta cemented its position as an authoritative voice on health and obesity policy, making significant contributions to the evidence base with our Blueprint to halve obesity and How eating out contributes to our diets. We have received very positive feedback on the quality and rigour of our work, especially the blueprint toolkit, with evidence of widespread engagement across the health sector and with many stakeholders describing it as a 'gold standard' for research.

However, the path to halving obesity by 2030 remains demanding. A key challenge lies in the complex journey from policy adoption to effective implementation within the food system. While milestones like the Healthy Food Standards are crucial, ensuring these policies translate into tangible changes in product portfolios and consumer behaviour

at scale will require sustained effort, close collaboration with industry, and ongoing vigilance to mitigate implementation risks. Our trials with commercial partners are designed to directly inform and de-risk this complex transition.

The Nourishing Britain report, a collaboration with Henry Dimbleby and Dr Dolly van Tulleken, was also well received, tackling the politics of changing health policy as well as the evidence. All three publications had a wide reach and have acted as a foundation on which to build interest and influence across government and the sector. We were able to achieve cut-through at these set-piece moments with influential media coverage, an extensive programme of stakeholder engagement, a successful webinar for the blueprint toolkit and high levels of engagement on social media.

We also experienced high levels of success with insider influencing, drawing on our research base, which has provided an important opportunity to influence current and future decision-making among senior politicians. Nesta presented the blueprint to health secretary Wes Streeting and chief medical officer Dr Chris Whitty, with positive responses, putting in motion the introduction of mandatory health targets for retailers.

Ravi's appointments as co-chair of the Prevention Vision Working Group for the NHS 10-Year Health Plan and as a member of the Food Strategy Advisory Board have been significant successes for Nesta's remit on health. These further endorsements of our credibility, which have enhanced the organisation's ability to influence government decision-making on food and health policy.

We stepped up our parliamentary and sector engagement and are well embedded in the Obesity Health Alliance, with representation on the steering committee and invitations to benefit from opportunities and insights.

Our trials with commercial partners, including Asda, Starbucks, Deliveroo and KFC, are progressing well, along with the Reducing the Availability of Discretionary Items in Shops (RADISH) trial as part of the SALIENT consortium of academic trials to support healthy and sustainable food. We are also working with ShareAction to coordinate investor pressure on companies to improve the data they use to measure the healthiness of their sales. In 2024/25, we committed £1.1 million over three years to ShareAction to support their work mobilising investor pressure on food and

beverage companies to improve the healthiness of their product portfolios. This significant, multi-year grant reflects our strategic focus on shifting the food environment through upstream levers, including capital markets. Through the partnership, we are working alongside ShareAction to coordinate investor engagement to drive companies to report and set health targets. We have already seen early signs of impact through Nestlé, which is moving to an industry-leading approach to measuring the healthiness of the products it sells, which they attributed to ShareAction's work.

Activity in Wales

In Wales, we addressed a key issue with current obesity stats by adjusting self-reported data to approximate professionally-measured data, showing that obesity rates in Wales are higher than previously estimated and more than in any other nation in the UK. Building on Nesta's Blueprint for halving obesity, we published our recommendations for 2026-2030 Senedd, encouraging all party manifestos to prioritise tackling obesity. These included specific recommendations for new policy restricting all price promotions on food and drinks high in fat, sugar, or salt (HFSS) in retail and out-of-home settings and to collaborate with UK governments to introduce mandatory health targets for the biggest retailers. We continued to engage with senior policymakers in Wales, responded to the Welsh government's consultation on The Food (Promotion and Placement) (Wales) Regulations, and gave written and oral evidence to the Senedd Health and Social Care Committee's inquiry into the prevention of ill health – obesity.

Activity in Scotland

Our policy work has been instrumental, with a focus on shaping consultations on the Good Food Nation Bill and regulations of high-fat, sugar and salt (HFSS) foods. We have facilitated a series of workshops with the Scottish Government, Public Health Scotland and Food Standards Scotland (FSS) to inform the development of the new national Diet and Healthy Weight Implementation Plan. On the ground, we've developed innovative solutions to improve the food environment. This included

delivering a planning residency to explore how the planning system can be used to promote healthier food choices. In partnership with FSS, we've published a comprehensive out-of-home calorie sampling project, and our research with the Food and Drink Federation Scotland has identified opportunities for reformulation within the retail supply chain. We are also delivering a new partnership project with the Scottish Government, FSS, and Public Health Scotland, which is piloting trials on the Deliveroo platform.

Looking ahead

In 2025/26, we will continue to focus on policy change as the most impactful route to deliver our mission goal. We will:

- > seek to **shape the implementation of the healthy food standard** announced in the government's 10-Year Health Plan, which includes Nesta's policy proposal for health targets for supermarkets.
- > seek to **shape the outcome and delivery of the National Food Strategy**.
- > **demonstrate the impact of obesity** on our economy and productivity through a major piece of economic modelling.
- > **progress our commercial partnerships** with Starbucks, Deliveroo, Asda and KFC, with the ambition to publicise the results.
- > **publish evidence on the impact of advertising on our diets** and explore policy options to reduce this impact.
- > **influence Scottish and Welsh policymakers** ahead of the Scottish and Welsh elections in 2026.
- > **ramp up the pressure on the UK and Scottish governments** to act on obesity through multiple routes, including a partnership with the youth advocacy group Bite Back.

Case study: ShareAction

At Nesta, our healthy life mission is focused on helping people eat better. One of the key ways we're achieving this is by influencing the food environment, and we believe that a powerful lever for change lies in the world of investment.

In March 2024, we began a partnership with ShareAction, a leading responsible investment charity, to support and scale their work in this area. Our collaboration, which began in March 2024, involves providing a grant to ShareAction to help them encourage institutional investors to engage with food and drink companies on issues of health and nutrition. ShareAction's work is driven

by a powerful idea: that if we can get major investors – who collectively hold trillions of dollars in assets – to consider a company's nutritional impact as a financial risk, we can drive significant change.

This initiative provides a new, impactful route to achieving our mission. Rather than focusing solely on consumer-facing interventions or direct policy change, we are working to shift the incentives for companies at a fundamental level. By supporting ShareAction's efforts, we are helping to ensure that the health and nutritional quality of products becomes a core concern for investors, not just a secondary issue. This collaboration is crucial for building a lasting and effective way to improve the health of the UK's diet.



A sustainable future

The goal of our sustainable future mission is to reduce household carbon emissions by 30% from 2019 figures by 2030. Homes are the third largest producer of greenhouse gas emissions after transport and business. By changing the way we heat them, we can drastically reduce the amount of carbon dioxide produced in the UK.

Our work is focused on increasing the uptake of low-carbon heating, primarily heat pumps.

This year, we worked across a number of key areas to support this aim.

- > **Making low-carbon more affordable** will be critical to increasing uptake. Electricity bills are currently inflated by levies collected to pay for legacy renewable energy schemes and energy efficiency upgrades, reducing the incentive for people to switch away from gas. We modelled ways to shift these levies while protecting consumers.
- > **To increase consumer awareness and confidence** in heat pumps, we launched an [information website](#), a service to help people visit heat pumps in homes like theirs and provided resources to broadcasters to support stories about reducing domestic carbon emissions.
- > We started exploring ways to coordinate the switch at a local area level – testing whether **clean heat neighbourhood schemes** could help more households make the switch to low-carbon heating more quickly.
- > A successful transition relies on having a **heating workforce with the right skills**. We carried out the largest survey of heat pump installers to date and launched a scheme to help newly-trained installers build their skills more quickly.

While we celebrated significant milestones in 2024/25, our progress also highlighted the scale of the challenge to meet our 2030 mission. Key hurdles include the significant step-change required in heat pump installation rates, which need to double annually to meet our 2027 targets. Critical areas of focus include ensuring heat pumps are consistently cheaper to run than gas boilers and increasing public readiness (currently 23% of owner-occupiers are likely to install a heat pump vs a 66% target). Addressing the substantial gap in the skilled installer workforce is also a key focus, as there are currently 8,800 skilled installers vs a target of 40,000 by 2027. Our work in levy reform,

installer training, and public engagement is directly addressing these challenges, but sustained effort and broad sectoral commitment will be essential.

2024/25 saw Nesta's reputation and credibility in home decarbonisation grow further as we delivered projects at the forefront of policy, industry and consumer appeal. It was a pivotal year for heat policy, with the change in UK government and the launch of Labour's Clean Power 2030 mission. Throughout all of this, we were very much in a position of influence. The depth and breadth of our projects and outputs have led to interest from UK and devolved governments, and created further inroads with installers and manufacturers.

The Delivering clean heat report, which launched shortly after the general election, was well received by policymakers in government and the wider sector. Feedback from civil servants suggested that our work on addressing obstacles to heat pump adoption in the planning system influenced the policy changes to ease the process.

We launched [Visit a heat pump](#), a free, national service that connects heat pump owners with those interested in having their own installed. See the boxed-out case study for further information.

Activity in Wales

In Wales, we saw significant success in influencing the content of the [Welsh government's heat strategy](#), which extensively cited Nesta's evidence in making the case for heat pumps as the preferred technology for homes. We similarly played a major role in the Wales Net Zero 2035 group, producing evidence for Welsh Labour and Plaid Cymru on the implications of a more ambitious net-zero target for buildings in Wales. We contributed significantly to consultations around the abolition of the three metre planning rule, and raised the profile of this issue amongst stakeholders and within the Senedd. We also held workshops in Wales around the wider clean heat neighbourhoods project, and have been actively developing on-the-ground partnerships to test our blueprint, with notable interest from the Welsh government.

Activity in Scotland

In Scotland, we've made significant strides in building relationships with key stakeholders, including Ministers and shadow party spokespeople, to influence government policy on clean heat and the forthcoming Heat in Buildings Bill. We have facilitated conversations across the sector to inform the development of a Scottish Policy Plan for Heat, which sets out a roadmap for decarbonising home heating in Scotland. We've also successfully raised the profile of clean heating through speaking roles at major industry and political events, including a heat pump skills panel at a Holyrood conference, a closing summation at Scottish Enterprise's Clean Heat 2025, and a clean heating keynote with the Minister at the All-Energy trade fair. Building on our on-the-ground work, we've launched a new partnership project with SNIPEFF (The Scottish and Northern Ireland Plumbing Employers Federation) called Start at Home, which aims to get 18 heat pumps fitted in installers' homes to boost industry skills and confidence. This active development of our partnerships to test our blueprint has already garnered significant interest from key stakeholders across Scotland.

➤ Looking ahead

In 2025/26, we'll continue to work intensively across policy, industry and consumers to maximise engagement with our work, with a particular focus on scaling opportunities.

- > Our key focus for this year is to **convene agreement and a commitment for levy reform**, through the release of modelling to show how it can be done fairly.
- > We'll **develop pilot projects for clean heat neighbourhoods** with partners around the UK.
- > We'll look to **scale our Start at home trial** at a national level.
- > We'll **develop work on inclusion in the heat transition**, ensuring households in all tenures and income brackets have access to a good experience with low-carbon heating.

Case study: Visit a heat pump

Over the past year, Nesta has been working to address one of the biggest barriers to the take-up of heat pumps: a lack of public visibility and understanding. While heat pumps are crucial for decarbonising our homes, most people in the UK have never seen one. Our Visit a heat pump project was designed to tackle this head on, creating a unique service to connect prospective buyers with current heat pump owners in their local area, allowing them to see the technology in a real-world setting.

As of 7 April 2025, 912 people – from Inverness to the Isle of Wight, and Neyland to Norwich – had registered to host events. Almost 1,700 people had booked to visit a heat pump and 47 installers used it to showcase their work. The marketing campaign was seen by nearly 3 million people (based on impressions across social media platforms), and the service has been covered extensively across national media. The Department for Energy Security and Net Zero's (DESNZ's) 2025 advertising campaign for the boiler upgrade scheme was influenced by this work.



We've seen significant success in our first year by focusing on a few key areas:

- > **Building a nationwide host network:** we launched a national platform, VisitAHeatPump.com, and rapidly recruited a network that has grown to include heat pump 'hotspots' in London, central Scotland, and East Anglia, making it easier for people to find a host nearby.
- > **Driving public engagement:** the service has proven effective in generating interest and building consumer confidence, giving thousands of prospective buyers a chance to see a heat pump in action and ask questions directly to a trusted source.
- > **Providing direct, practical evidence:** the project provides a tangible way to showcase the reality of living with a heat pump. By connecting people to real users, we are providing practical, first-hand evidence that complements our broader research findings, such as the fact that 81% of heat pump owners are as satisfied or more satisfied than they were with their old heating system.
- > **Shifting social norms:** by increasing the visibility of heat pumps and creating positive, personal encounters, the service is working to normalise the technology and encourage a shift away from fossil fuel-based heating systems.

Our goal is to continue expanding this service, making it a routine part of the decision-making process for anyone considering a low-carbon heating system. We're proud to have created a service that is directly helping to accelerate the transition to cleaner heating.

Enterprises

BIT

BIT is a global research and innovation consultancy which uses deep understanding of human behaviour to improve people's lives. We have offices in seven countries around the world, and operate in many more. We have a long track record of delivering impact that lasts – from transforming national policy to unlocking better outcomes on the ground – and we're proud of the way we position people at the heart of change.

Over the past year, BIT teams around the world have made meaningful and measurable improvements to healthcare provision, schools and education, the environment and the workplace. We've built governments' capacity to develop evidence-based and agile policies and improve public services in a people-centred, responsive fashion. We've continued to pursue new ways of solving social problems, in particular, working at the frontier of AI and social science.

Refreshed identity

In the past year, we reviewed our brand positioning to ensure we maintain competitiveness in relation to our competitors. As part of this, we refreshed our visual identity and applied it across major touchpoints, including our website. We shifted our emphasis from 'The Behavioural Insights Team' to 'BIT' to give more space for the

wide range of expertise we have beyond behavioural science. This includes building capacity in our partners to deliver agile and responsive innovation programmes, promoting deliberative democracy, the use of reliable evidence, and rapid and low-cost evaluations. Informally, our President Emeritus, David Halpern, has often suggested that BIT stands for 'behaviour, innovation and testing'.

Global impact

Health and wellbeing

A highlight of the year was the kick-off of our work with Novo Nordisk, developing and evaluating a global childhood obesity prevention initiative that is tackling childhood obesity in disadvantaged urban communities worldwide. We're working in Japan, Spain, France, South Africa, Brazil, and Canada to roll out and evaluate evidence-informed childhood obesity prevention programmes focused on physical activity and healthy eating.

We're also proud of our collaboration with the Malaria Consortium, who we are working with to conduct community-based research that will help us understand low usage rates of insecticide-treated nets in Nigeria and Uganda, and develop and pilot solutions to encourage more effective use. Malaria remains one of the deadliest infectious diseases in the world, claiming over 600,000 lives annually, so this work has the chance of making a big difference.

Education

Our UK education team has been adapting a couple of flagship programmes previously developed in the US, and running randomised controlled trials to test their effectiveness in the UK. The first is the Grassroots programme, where we are working in more than 100 schools to empower pupils to overcome conflict and positively affect their school climate. The second is our Tips by text programme, helping parents in the UK to support the development of language, literacy, numeracy and socio-emotional skills of young children aged four to five. We're excited to see the effectiveness of these two approaches, translated to the UK context.

BIT France delivered an ambitious project to reduce school dropouts and improve wellbeing in Moroccan middle schools. Working in partnership with the United

Nations Development Programme and the Moroccan Ministry of Education, our team developed, and pre-tested learning modules designed to help pupils develop social and emotional skills, which were rolled out in more than 80 middle schools. A large-scale evaluation is being conducted to measure the programme's effects on drop-out rates, academic performance, wellbeing, and overall school atmosphere.

Meanwhile, our Latin America and Caribbean team, in partnership with Plan Ceibal, concluded a project tackling high rates of absenteeism at primary schools in Uruguay by supporting parental engagement and making data about individual pupils' absences easily available to teachers. We conducted a randomised field experiment involving over 28,000 students and 210 schools and found that our programme reduced absences by six percent. Following our initial trial, the programme is now being scaled to the entire country with the population that most benefited from the intervention.

Environment and sustainability

We delivered a wide range of projects linked to the environment and promoting more sustainable behaviours, including a collaboration between BIT's US and Canada teams and Uber's One Less Car programme, designed to encourage more walking and cycling for short journeys and reduce the number of car journeys with single passengers. Our role was to evaluate the effectiveness of the scheme, which was run across seven North American cities, and provide recommendations for the transition to a car-light, multi-modal transport environment. In the UK, we've delivered research and strategic thought leadership on the role of public engagement and communications in delivering net zero and designing climate policy that is supported by the public.

Inclusive and cohesive societies

Building on BIT's extensive experience supporting equality and diversity at work, BIT's Singapore team has helped shape the future of flexible working in Singapore, delivering policy advice and practical guidelines that led to the introduction of a new government policy around employees' entitlement to request flexible work arrangements. This is a big step forward for an inclusive workplace in Singapore.

Meanwhile, BIT Australia produced a report, funded by the non-partisan Kaldor Centre for International Refugee Law, on the factors that make people susceptible to misinformation and developed an evidence-based framework for countering misinformation, in particular relating to refugees and migrants.

International collaborations

BIT's strategic and operational support to the Behavioural Science Group at the Abu Dhabi Government continues, with recent highlights including an impact evaluation and campaign to promote physical activity for Active Abu Dhabi, behavioural research to enhance workplace inclusion for people of determination, a white paper analysing public transport behaviours in the UAE, and an expanding portfolio of health initiatives with the Abu Dhabi Public Health Authority, the UAE Ministry of Health and Prevention, and PureHealth, focusing on nutrition strategy, obesity, and AMR.

Thought leadership and innovation

We continue to deliver world-class research and thought leadership, sharing our understanding of how humans behave and make decisions. Over the past year, our chief behavioural scientist, Dr Michael Hallsworth, published his vision for the future of behavioural science in our Four Big Shifts series. We also refreshed EAST, one of our classic frameworks that continues to be a keystone resource for behavioural scientists. Originally published in 2014, our 2024 update reflects a decade of advancements in behavioural science.

We had two papers accepted for academic publication over the past year. In October, BIT's work developing and testing a behaviourally-informed chatbot to promote Covid-19 vaccine uptake in Argentina was featured in the journal *Nature Human Behaviour*. In March, our paper on the results of two UK-wide randomised controlled trials

refining behavioural-science-informed text message notifications on Covid vaccine eligibility was accepted for publication in the same journal. We take great pride when our work is featured in academic journals, as it is a strong endorsement of the high quality of our research.

And finally, like most organisations, we have been exploring AI: how it can make our research more effective; how we can incorporate AI into our solutions to social and behavioural challenges; and how behavioural science can help build positive usage models for AI, as it becomes increasingly integrated into our social fabric. One project in Canada used an innovative, empirical approach to unpack potential harms from AI, working with the Ontario Securities Commission to understand people's susceptibility to AI-enhanced online fraud and explore solutions to protect retail investors.

Looking ahead

We look forward to building on our current momentum over the months and years ahead. A major upcoming milestone was the BX2025 conference, which we co-hosted in Abu Dhabi on 30 April and 1 May. The event brought together an international cohort of policymakers, academics and practitioners in

behavioural science, with a particular focus for this year's event on behavioural science in the Middle East and other non-WEIRD contexts. BIT has hosted this conference several times previously in different regions around the world, starting in Sydney in 2014, and we believe it's the biggest – and best – conference of its kind anywhere.

Case study: Four Big Shifts

For the past fifteen years, BIT has shown how using behavioural science can improve outcomes for individuals, governments, and businesses, but we believe we've only scratched the surface of what can be achieved. Using our partnership with Nesta, we've been working to embed behavioural science, use of reliable evidence and evaluation within a broader offer that also uses approaches like systems thinking, design principles, and artificial intelligence.

At the same time, we are creating new ways of using behavioural science, prioritising Four Big Shifts in behavioural science to help us deliver greater impact. These are:

- > **Working with complexity and systems:** combining behavioural science with complex adaptive systems thinking unlocks opportunities for specific changes to have widespread effects and to anticipate and manage those changes.
- > **Focusing on the social drivers of behaviour:** people are embedded in social relationships as they make decisions; culture and identity shape the choices available to us. To deliver successful change, we need to focus on how cultures, identities, and relationships underpin behaviour.

- > **Getting more iterative and adaptive:** embodying our test-and-learn ethos, we aim for continual improvement rather than taking a linear approach to one-off trials that can ignore the complexity of fluctuating or unpredictable situations. We are careful to take into account from the start the factors that lead to successful scaling.
- > **Being more participatory:** consultation, deliberation, co-design and co-creation have always been important parts of our work, but we are pushing these further as technology and recent advances in AI open up new opportunities for behavioural science.



Based on our forays so far, we are enormously excited about the impact incorporating these Four Big Shifts will have on our work. Our goal has always been to improve outcomes in society, using rigour, pragmatism, and the best approaches available. We're remaining true to that vision – but we're giving it more firepower.

Challenge Works

Challenge Works, a part of Nesta, is a global leader in the design and delivery of high-impact challenge prizes that incentivise cutting-edge innovation for social good. Over the past 10 years, we've designed and delivered approximately 100 prizes with a total prize pot of £258.7 million.

Winners announced this year

Longitude Prize on AMR

The £8 million Longitude Prize was awarded after a decade-long competition to find new tools to tackle the rising threat of AMR. It was awarded for a point-of-care test that rapidly detects whether an infection is caused by bacteria and identifies the right antibiotics to treat it. The test takes 45 minutes, compared to the three days traditional methods take. See the boxed-out case study for more information.

Manchester Prize

Initiated by the UK Department for Science, Innovation and Technology (DSIT), the £1 million Manchester Prize sought innovative AI solutions addressing major societal challenges relating to energy, environment and infrastructure. The inaugural Manchester Prize was won by AI-driven technology, which

accelerates the development of advanced materials from decades to one day. These advanced materials are essential to modern life, for example, improving the energy density of batteries in electric vehicles to increase their range.

The second round of the Manchester Prize was launched in December 2024 and is focused on the application of AI to speed up the adoption of clean energy systems.

The Aqualunar Challenge

A 'lunar microwave' won the UK Space Agency's Aqualunar Challenge. The £1.2 million international prize, which was funded by the UK Space Agency's International Bilateral Fund and delivered in collaboration with the Canadian Space Agency, aimed to drive the development of innovative technologies that make human habitation on the Moon viable by purifying water buried beneath the lunar surface.

Prizes launched this year

The West Yorkshire Mayor's Big Ideas Challenge

Launched in February 2025, the challenge called on small and medium-sized firms to accelerate innovative solutions, products or services to overcome health inequalities among communities in West Yorkshire. The solutions are aiming to increase the years of life that people live in good health in West Yorkshire and ultimately for life expectancy to align with the national average.

Smart Data Challenge Prize

Funded by the Department for Business and Trade, the prize is designed to identify and develop smart data use cases across the economy and how these might work in practice. It gives innovators the opportunity to prototype their solutions in a specially created Data Sandbox, generating insight into the opportunities and the challenges of smart data-powered innovation across sectors, including retail, finance, property, energy and transport.

New partnerships secured this year

We secured a new partnership with the Advanced Research and Innovation Agency (ARIA), looking at robot dexterity. This programme aims to direct research and development towards building robots capable of using tools and building other robots.

We have also partnered with the Van Leer Foundation to develop a challenge prize focused on improving the wellbeing of parents and caregivers of young children in underserved communities in Mexico, Colombia, Brazil, Kenya, Uganda, Senegal, Ethiopia, Indonesia and the Philippines.

Case study: Longitude Prize on AMR

For decades, the rise of AMR has been a ticking clock, threatening to send us back to an era where a simple infection could be a death sentence. The challenge was clear: we needed a rapid, accurate diagnostic test that could tell doctors if an antibiotic was truly needed. The Longitude Prize on AMR was a multi-year, £8 million prize designed to spur this exact innovation.

The prize incentivised innovators to develop a point-of-care diagnostic test that would transform the treatment of bacterial infections. The goal was to overcome the significant market and scientific barriers that had previously held back progress. The prize attracted entries from around the world, pushing the boundaries of what was possible in diagnostics.

The culmination of this groundbreaking competition came in 2024, when Sysmex Astrego was crowned the winner for their PA-100 AST System. This technology, developed in Sweden, is a rapid and simple-to-use diagnostic test that can identify a bacterial infection and determine which antibiotic will be most effective in under an hour.

The impact of this prize is far-reaching. By successfully identifying and rewarding a solution that can be used directly at the point of care, we have helped to usher in a new era of targeted antibiotic treatment. The PA-100 AST System has the potential to prevent the unnecessary prescription of antibiotics, dramatically slowing the development of AMR and saving countless lives around the world. It stands as a powerful testament to the value of challenge prizes in tackling some of society's most complex problems.



Investments

Nesta Impact Investments (NII) delivered a strong performance this year, making seven new investments into 'mission aligned' companies: Resi (home renovation services); Renewabl (renewable energy procurement services); Anaphite (battery manufacturing process technology); Descycle (e-waste reprocessing technology); Ambrosia Bio (allulose, sugar alternative manufacturing technology); Nandi Proteins (food ingredients technology); and Gaia Learning (hybrid educational provision for neurodivergent children).

Additionally, we made follow-on investments into six portfolio companies, further supporting their commercialisation activities: BibliU; Mixergy; Third Space Learning; Skin Analytics; Koru Kids; and Oxford Medical Products. In total, we deployed £5.4 million throughout the course of the year.

During the year, we also oversaw £19.0 million of realisations from our existing portfolio, the highlight of which was VISA Inc.'s acquisition of Featurespace Ltd. This generated Nesta's single largest return from its venture investing activity since inception at £18.7 million, with up to £2.4 million further consideration possible over the next 18 months. We first invested in Featurespace in 2010, becoming its first institutional investor and supporting it over five rounds of equity funding as it commercialised its world-leading financial fraud detection offering.

Towards the end of 2024/25, Nesta made the decision to stop making new investments through NII, which resulted in a reorganisation of the team, with a new primary focus upon generating returns from the existing portfolio of c.40 direct investment assets. Follow-on capital of up to £7 million has been made available to the NII team to help ensure returns to Nesta are maximised over the next three to five years.

Key performance indicators and impact measurement

For the financial year 2024/25, a primary key performance indicator for Nesta focused on our financial stewardship. As a charity that operates as part of a group structure, largely funded by the endowment from The Nesta Trust, effectively managing our resources is paramount to our long-term sustainability.

The Board approves a specific annual draw-down amount from the endowment fund for our charitable activities, and we successfully managed our expenditure to align with this planned budget. This careful stewardship ensures that we can continue to deploy our resources effectively towards our charitable objectives while maintaining the health of the endowment for future impact.

Beyond financial performance, achieving our strategic goals and demonstrating tangible impact are central to our mission. We recognise the importance of robustly measuring and reporting on the difference we make in the world. In line with this, in

2024/25 we began developing and refining our approach to impact measurement. This framework is directly aligned with our long-term strategy, which sets a clear vision for change by the target year of 2030.

The framework includes:

- > **Defining intermediate goals:** we are establishing key milestones that need to be achieved by 2027 to ensure our missions are on track.
- > **Developing a layered measurement framework:** this framework integrates progress towards these intermediate goals, portfolio-level insights on our activities, and in-depth case studies of flagship projects. This layered approach is designed to reflect the long-term and complex nature of the change we aim to achieve.
- > **Iterative learning and refinement:** our process is collaborative and adaptive, allowing us to test and learn as we build formal processes for our full impact reporting in the future.

Further details on our developing impact measurement framework, including specific progress indicators for each mission, will be formally integrated into future annual reports.



Mission Studio

This year marked a major milestone for Mission Studio: the full transition from an external partnership model to an in-house venture studio fully embedded within Nesta. Over the course of the year, we hired and built out the internal team, developed our core operating model and playbook, ran our first venture design sprints, and began building the first startups to emerge from this new structure.

We hired the key members of the in-house venture studio over the course of the year, including design, venture building, technical and operational expertise, taking the studio to ten permanent staff.

We designed and launched two end-to-end venture design sprints. This delivered three advanced and validated startup concepts by March 2025, two of which moved into the build phase (a six-month process where we hire a founder(s) and transform validated venture concepts into fully operational startups, rapidly developing products, teams and business models to launch into the market).

> **Mendara** is the first scalable, community-powered mental health platform providing care after traumatic events – starting with birth trauma. The minimum viable product has already been used by over 100 people, with 57% of users returning for subsequent sessions.

> **Nibblr** empowers food and beverage teams to build better products – healthier, smarter and faster – through one intelligent operating system. This year, we onboarded a founder.

In parallel, we maintained momentum across the existing portfolio of nine spun-out ventures developed under our original partnership with Founders Factory. Several have made significant progress:

> **Furbnow** (home retrofit) surpassed **£600,000 annual revenue**, with a pipeline of £10.4 million and contracts across multiple local authorities and energy providers in the build-up to raising a seed round in 2025/26.

> **Mealia** (healthy meal planning) grew to **30,000 users**, with 40% of growth driven

by word-of-mouth. They now support shopping integration with Tesco, Asda and Sainsbury's.

> **Renbee** (clean tech sales enablement) secured a white-label contract with the Installation Assurance Authority, enabling access to over **200 installer businesses**.

At the same time, we continued to provide hands-on support to ventures facing early-stage challenges (whether around commercial traction, funding environment, or product-market fit) and made targeted follow-on investments to enable them to unlock growth or extend runway.

Beyond delivery, we also invested heavily in the Studio's long-term infrastructure. We developed and tested the first version of our playbook through hands-on testing and learning, developed a model for internal founder recruitment, launched an external-facing rebrand, and built a technical infrastructure that allows rapid prototyping

and real-world testing of startup concepts. We believe this lays the foundations for future scale for the Studio, and readies us to deliver four to five completely new startup concepts in the next financial year.

As we close the year, Mission Studio has demonstrated its ability to build novel, investable ventures aligned with Nesta's missions. We've moved from a start-up team to a fully-functioning studio. With the first in-house ventures now in build, and a portfolio of alumni showing early signs of breakout success, we are well-positioned to scale impact and returns over the next few years.



3. Financial review

During the year ended 31 March 2025, the Group comprised:

- > Nesta, the main operating charity through which all charitable activity is undertaken
- > The Nesta Trust, a charitable trust which holds all the investment assets invested to fund the charitable activities of Nesta in advancing the objects of the Trust
- > Nesta Enterprises Limited, incorporated as a trading subsidiary for non-primary purpose trading
- > Behavioural Insights Limited (BIT), which is itself a group with seven subsidiaries
- > Four limited liability partnerships – Nesta Investment Management LLP, NII2 Special Partner LLP, Nesta Arts Impact LLP, Nesta Arts and Culture Impact LLP
- > Eight other companies – Nesta GP Limited, Nesta GP2 Limited, Nesta PRI Limited, Cultural Impact Development Loans Limited (company dissolved post year-end), Nesta Partners Limited, Nesta Challenges, Arts and Culture Finance, Arts & Culture Finance Partners Limited
- > Nesta US Inc, which is registered in the United States, and allowed for receipt of a grant from a US funder

On 31 July 2024, Nesta Arts Impact LLP, Nesta Arts and Culture Impact LLP, Arts and Culture Finance and Arts & Culture Finance Partners Limited ceased to be members of the Group.

Note 15 provides further information on all Group entities.

A number of subsidiaries have been set up to manage Nesta's investing and fund management related activities. This enables Nesta to manage and invest funds on behalf of its investment partners in compliance with the Financial Conduct Authority's (FCA) requirements.

The results of the Group consolidate all subsidiary undertakings as well as The Nesta Trust and the joint venture in Mission Studio (FFN JV Limited).

The Nesta Trust provided funding to Nesta of £35.4 million (2024: £29.6 million) during the year, of which £22.4 million (2024: £21.3 million) was applied to charitable operating activities and £13.0 million (2024: £8.3 million) committed in relation to the Impact Investment Fund and other programme-related investments.

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

The categories defined by the trustees for the purposes of organisational management are: applied research and policy, a fairer start, a healthy life, a sustainable future, enterprises, investments and projects pre strategy 2020 (2024: a fairer start, a healthy life, a sustainable future, central programmes and devolved nations, committed programme delivery, enterprises, investments in furtherance of the Group's charitable objectives and practices). Last year's categories have been restated here so they can be easily compared with the updated categories for the year end 31 March 2025. Total income and expenditure for 2024 has not changed.

Total Group income for the year was £55.3 million (2024: £52.4 million). Charitable income of £11.9 million (2024: £13.3 million) was recognised in addition to the £15.0 million (2024: £14.2 million) of investment income and £28.4 million (2024: £24.9 million) of other income. Charitable income is predominantly in the form of partnership funding where Nesta's expertise in programme design and project management is combined with the funding capacity of other typically larger organisations. Other income consists of rental income, trading income, fund management receipts and the excess of gain on investment of Arts subsidiaries over previously recorded investment losses.

Total Group expenditure was £73.6 million (2024: £65.7 million), of which £50.4 million (2024: £42.1 million) was spent on charitable activities, £23.0 million (2024: £23.1 million) on trading activities and £0.2 million (2024: £0.5 million) on managing endowment assets held by The Nesta Trust and impact investment funds held by Nesta. Grant expenditure commitments totalled £12.5 million (2024: £5.2 million) with recipients of grants over £50,000 detailed in Note 7b.

Support costs of £17.7 million (2024: £18.9 million) relate to communications and corporate services activities and are allocated to programme areas as shown in Note 7a.

Net gains on investments for financial return was £14.0 million (2024: £20.0 million).

The valuation of BIT has seen an uplift of £0.8 million for the year to 31 March 2025 (impairment of £4.4 million for the year to 31 March 2024). The previous impairment was due to several factors, including staff turnover and challenges in the economic climate. In the year to 31 March 2025, BIT has strengthened its position by being awarded new contracts and is now in a much more robust position.

As part of our ongoing financial review, we reassessed the classification of our internally managed investments. This review determined that investments with a value of £21.1 million, previously classified as Programme-Related Investments (PRIs), should now be classified as Financial Investments from 1 April 2024. This reflects their commercial nature and focus on financial return. This ensures our reporting remains aligned with SORP (FRS 102) and provides clearer distinction between investments held to further charitable purposes and those held for return.

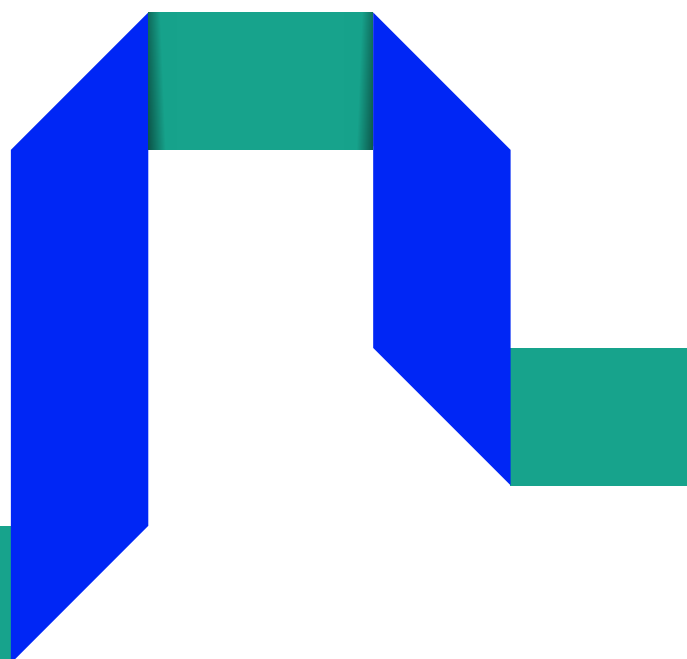
Total Group funds decreased by (£4.3 million) (2024: increased by £6.1 million) during the year following the movements explained above. This resulted in Group funds of £473.6 million carried forward as at 31 March 2025 (31 March 2024: £477.9 million). Of this amount, £36.0 million (2024: £51.4 million) was unrestricted, £8.5 million (2024: £14.6 million) was restricted, and £429.1 million (2024: £411.9 million) was in relation to the expendable endowment.

Going concern

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

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

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



The Nesta Trust investment review

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

In the year ended 31 March 2025, The Nesta Trust reported a net decrease in funds of (£4.9 million) (2024: increase of £2.0 million). This reflects total investment income of £17.3 million (2024: £16.4 million), less expenditure of £35.8 million (2024: £29.9 million), primarily comprising transfers to Nesta to deliver charitable activities. The deficit was partially offset by net investment gains of £13.6 million (2024: £16.0 million). Investment income and expenditure were both in line with forecasts.

The Nesta Trust entered into an agreement on 16 July 2015 to purchase a long leasehold interest in a property located in London for £51 million. Practical completion took place on 26 September 2016, and the lease on the investment property will run until November 2162. The total amount shown below under investment properties is £55.2 million (2024: £57.0 million), which includes the investment property valued at £42.9 million (2024: £44.8 million) and a £12.3 million property fund (2024: £12.2 million).

During the year ended 31 March 2025, the value of The Nesta Trust investments and cash decreased by £8.1 million to £418.3 million (2024: £426.4 million) after annual transfers to Nesta to carry out the objectives of The Nesta Trust in line with the Trust Deed. A further breakdown of the £8.1 million decrease can be seen in the table below:

Asset class	Fair value of investment assets 31 March 2025 £'000	Proportion of total endowment assets 31 March 2025 %	Fair value of investment assets 31 March 2024 £'000	Proportion of total endowment assets 31 March 2024 %
Current assets:				
Cash	13,531	3	5,389	1
Fixed asset investments				
Equities and private equity:				
Global equities (quoted)	141,481	34	123,775	29
UK small cap (quoted)	-	-	33,732	8
Emerging markets (quoted)	-	-	26,496	6
Infrastructure equity (unquoted)	22,188	5	21,681	5
Private equity funds (unquoted)	1,042	-	2,710	1
Fixed income and property:				
Multi-asset credit (unquoted)	66,267	16	65,954	15
Asset-backed securities (unquoted)	79,734	19	44,767	11
Private debt (corporate) (unquoted)	15,234	4	10,167	2
Private debt (infrastructure) (unquoted)	17,285	4	17,528	4
Property	55,187	13	56,969	14
Bonds (quoted)	-	-	23	-
Early stage investments:				
Investment in early stage companies	5,794	2	16,591	4
Investment in early stage funds	566	-	578	-
Total cash plus fixed asset investments	418,309	100	426,360	100

Actions taken during the year included the following:

Fixed asset investment performance (The Nesta Trust)

The allocation to Equities and Private Equity decreased to 39% (2024: 49%), with a corresponding increase in Fixed Income and Property to 56% (2024: 46%). This shift reflects the continued implementation of the current investment strategy, which aims to increase exposure to asset classes that generate more predictable cashflows. Just prior to the year-end, some investments were tactically reallocated from within the Equities and Private Equity bucket, specifically from Global Equities, into Asset-Backed Securities within Fixed Income and Property. This temporary measure was designed to increase cash yields over the next three years and reduce the risk of forced asset sales, such as selling investments at a loss during temporary market downturns. This short-term action does not change the long-term strategic allocation targets.

The long-term target allocation remains 51% to Equities and Private Equity, 48% to Fixed Income and Property, and 1% to Cash for operational liquidity. At the year-end, cash represented 3% (2024: 1%) of total endowment assets. This higher-than-target cash balance primarily resulted from the sale of an asset within the early-stage companies portfolio towards year-end. The proceeds were retained in cash rather than immediately reinvested, following a strategic decision to preserve liquidity for short-term requirements and to avoid

the risk of having to sell investments soon after purchase. As a result, the current allocations temporarily deviate from the long-term targets. It is not expected that the target allocation will be fully achieved until all investment managers have drawn down their committed funds, which may take several years.

Investment fund commitments

During the year, no new commitments (2024: £nil) were made to investment managers. Undrawn commitments of £24.6 million remain outstanding for investment funds as disclosed in Note 19 to these Financial Statements (2024: £28.7 million).

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

The early-stage venture portfolio includes equity investments that have a fair value in five (2024: six) early-stage companies, and one (2024: one) early-stage investment fund. The Nesta Trust's investment strategy is to maximise the returns from the current portfolio but not to invest in any new early-stage companies or funds in the near future due to these investments being slow to generate income and being typically higher risk than other asset classes.

Costs of managing the assets

Direct costs, reported by external fund managers, of The Nesta Trust's investment assets totalled £0.19 million (2024: £0.41 million), include external fund manager fees and custodian fees. In addition, there are other indirect costs associated with fund management activities. Where fund manager fees are offset against the relevant fund's value, these are grossed up and shown as fund manager fee expenditure in the Statement of Financial Activities in accordance with normal practice along with those fund manager fees that are invoiced and paid for in cash. The full cost of investment goes beyond the fees

we are charged by managers and include, for example, transaction costs, advisory costs and staff costs. We estimate that the full costs were about £4.7 million (1.1%) of the average asset value over the year (2024: £3.5 million; 0.8%). Both the year-on-year decrease in direct costs and the year-on-year increase in full costs was anticipated and results from the shift to the new investment strategy. Over the long term, the increase in cost is expected to be offset by achieving a greater return on investments.

Investment policy

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

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

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

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

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

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

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

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

The Trustee has reviewed the investment activities for the year and confirms that they were aligned with the investment policy, resulting in the above stated objectives being broadly met. The Trustee is aware that, given the current level of annual draw, the real-term value of investments has not been fully maintained during the year. This position is under close review to ensure ongoing alignment with the Trust's long-term nature. The Trust continues to support the delivery of Nesta's strategy, and Nesta is actively seeking to increase its external funding over time to help reduce reliance on the Trust's endowment.

The Trustee does not set a fixed target investment return but instead aims to generate a total return sufficient to support Nesta's operational costs and agreed allocations for mission-aligned investments (the Annual Draw). This approach reflects the Trust's long-term nature and the requirement, set out in the Trust Deed, to ensure the value of the Trust assets does not fall below £260 million.



Responsible investing

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

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

These policies have informed the Trustee's actions, oversight, and asset allocation decisions and have shaped the Trust's policy on responsible investment and corporate governance, as set out in its Statement of Investment Principles. The current policy was last approved by the Board in July 2023. A comprehensive review of Nesta's approach to responsible investing is underway and expected to be concluded before the end of 2025.

As far as the Trustee is aware, the only potential area where The Nesta Trust does not fully accord with its policy is in relation to historical private equity holdings, which are being run down over time and had a value of £1 million at 31 March 2025 (2024: £3 million).

Programme-related investments and grantmaking policy

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

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

There is no set allocation of the annual budget for overall grant expenditure. Rather, Nesta sets programme deliverables and determines the appropriate method of delivery within that programme's budget. Nesta sets out specific entitlement criteria for each programme at its launch where grants are appropriate as a funding mechanism. These criteria vary from programme to programme and are made available on Nesta's website. Applications are assessed against these criteria and awards are made taking into account the availability of funds, Nesta's ability to deliver the objectives of the programme and the quality of applications. The period for which grants are awarded depends on the programme but typically lasts between one and three years. Grants are monitored regularly and appropriate progress reports are required from recipients. A list of grants over £50,000 can be found in Note 7b on pages [69](#) and [70](#).

Free reserves policy

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

On 31 March 2025 the reserves of the Group stood at £473.6 million (2024: £477.9 million). The Nesta Trust provided funding to fulfil its charitable objectives, through activities carried out by Nesta, totalling £22.4 million (2024: £21.3 million).

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

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

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

Principal risks and uncertainties

The Executive Team and Risk Evaluation Group are responsible for the management of risks within the Nesta Group and the trustees and Audit and Risk Committee are responsible for setting the Group's risk appetite. The monitoring and implementation of the risk management framework is delegated to the group senior internal audit and risk manager, with oversight from the Audit and Risk Committee. The risk register is reviewed by the Executive Team and Audit and Risk Committee twice a year, and annually by the Board. The Risk Evaluation Group meets twice a year to review and update the risk register and any urgent changes are made on an ad hoc basis.

The following controls support the risk management framework to ensure appropriate governance around the management of operational risks:

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

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

4. Objects

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

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

Fundraising statement

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

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

Public benefit statement

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

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

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

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

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

The details of Nesta's purposes and objectives, and its strategies and achievements in pursuing these purposes and objectives, are set out on pages [7 to 30](#).

5. Governance and management

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

Nesta is a company limited by guarantee and a charity registered with the Charity Commission and the Office of the Scottish Charity Regulator. Its trustees are also the directors and members of the company. Further information on the Group structure and subsidiaries is provided on page 31. This trustees' annual report has been prepared in accordance with the Companies Act 2006 and the Charities SORP (FRS 102). It also constitutes the directors' report and, as Nesta meets the definition of a large company under the Companies Act, includes the strategic report. The information required to be included in the strategic report is set out in the sections of this report describing our strategic overview, financial review, and governance and management.

The charity is committed to the highest standards of ethical conduct and corporate governance. As part of this commitment, the trustees confirm that the charity maintains a strict policy of zero tolerance towards all forms of corruption, bribery and fraud.

The charity's financial controls, governance structure, and processes and procedures are designed to ensure compliance with the Bribery Act 2010 and all other relevant legislation. These measures, which are regularly reviewed by the Executive Team and the trustees, include comprehensive controls over expenditures and specific due diligence procedures for all significant partners, suppliers, and overseas activities.

Through this robust framework, the trustees are satisfied that the charity's governance and activities are effective in preventing and detecting matters relating to anti-corruption and bribery, ensuring these risks do not materially impact the charity's development, performance or position.

Under company and charity law, the Board of Trustees retains overall responsibility for Nesta and its role as Trustee of The Nesta Trust. Trustees in post on the date this annual report is published are listed on page 93.

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

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

Trustees receive no remuneration for acting as trustees and are appointed for an initial term of three years, renewable for another three years with Board approval. New trustees receive an induction covering their legal duties, the charity's governance framework, and its activities. Trustees are also offered ongoing training and updates on relevant regulatory, governance and sector developments to support them in fulfilling their responsibilities. The Board observes all seven principles of the Charity Governance Code and provides appropriate control, challenge and support to the Executive Team.

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

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

Nesta's Executive Team comprises the group chief executive, plus the deputy chief executive, the group chief people officer, the group general counsel and company secretary, the chief programmes officer, chief strategy officer, chief practices officer, executive director of investments and the group executive director of communications. A full list is given on page 94.

The Board has established a number of committees to oversee aspects of Nesta's activities. Each of the Board committees has delegated authority in respect of certain functions and activities and has written terms of reference approved by the Board, and report to the Board at each Board meeting. A list of trustee members and the respective chairs for each of the Board committees is provided on page 93.

Below is a list of the main Board committees:

Nesta and The Nesta Trust Board ('the Board') which supports our Executive Team, guiding their decision-making on strategic issues, holding them to account for their leadership of the organisation, and helping them to deliver Nesta's charitable objects. The Board met six times during the year.

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

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

Quarterly Investment Committee which manages the Trust's portfolio of interests in early-stage companies and funds transferred from NESTA, manages social

investments, and oversees any other Nesta investment. The Committee met four times during the year.

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

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

Challenge Works Board which supports the senior leadership of Challenge Works, guiding their decision-making on strategic issues and reporting to the Board on progress. The Board met three times during the year.

Sustainability and carbon reporting

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

Nesta has worked towards optimising energy performance at 58 Victoria Embankment throughout the 2024/25 reporting year. Consumption was higher than expected due to temporary infrastructure faults earlier in the year, which led to short-term spikes in use. These issues were resolved towards the end of the period, and we now anticipate a marked reduction in gas consumption as adjustments to the building management system are rolled out. Notably, we are targeting a further step-down in combined heat and power operations, even in colder months. Furthermore, the building has experienced a higher usage base, which aligns with greater occupancy levels in the building compared to the 2023/24 period and subsequent increased use of building services.

The impact from the rollout of efficiency measures such as automated floor closures during low occupancy, sensor-led heating, ventilation, and air conditioning and lighting controls, and improvements to system scheduling will become more evident over the next full financial year.

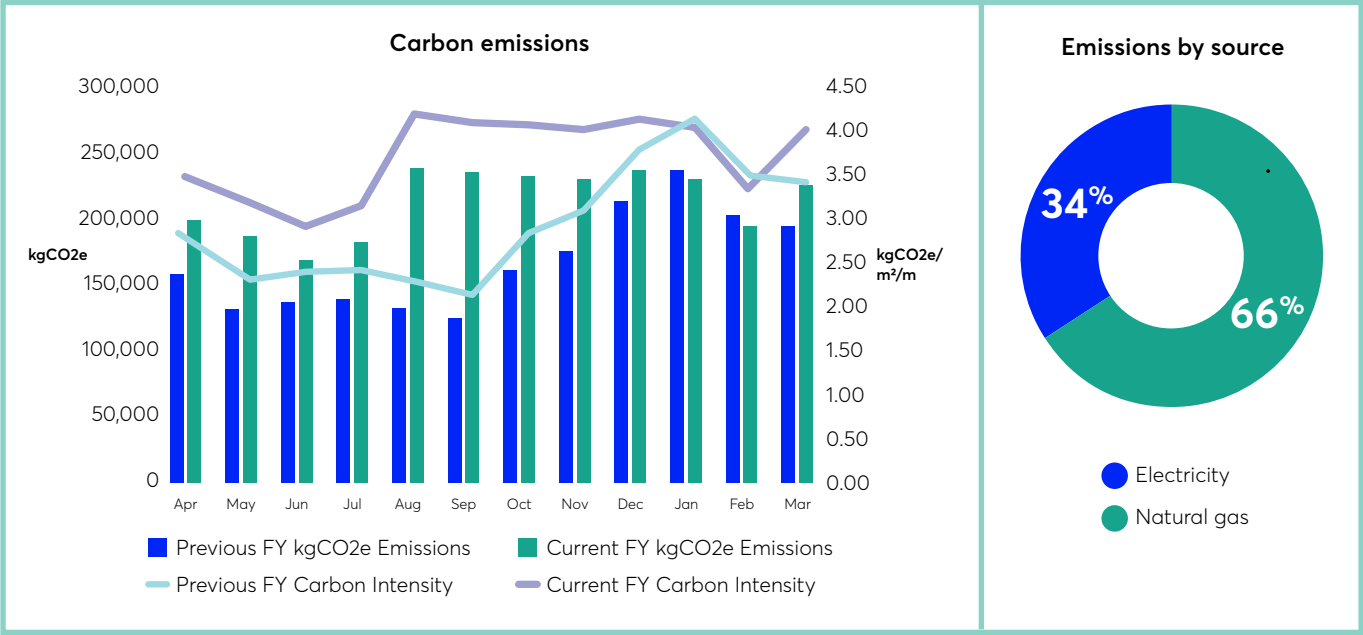
This year's data reflects Nesta's commitment to transitioning toward low-carbon operations while adapting to changing working patterns. The results highlight the balance being achieved between increased building use and continued reductions in total emissions and energy intensity.

The building team continually monitors the energy consumption and has put in place processes to reduce energy consumption, including closing floors when the footfall is reduced and introducing lighting that not only turns off when no one is using the area but also turns off the air conditioning to save energy. A further programme of improvement measures has also been identified and will be delivered during the following financial year.

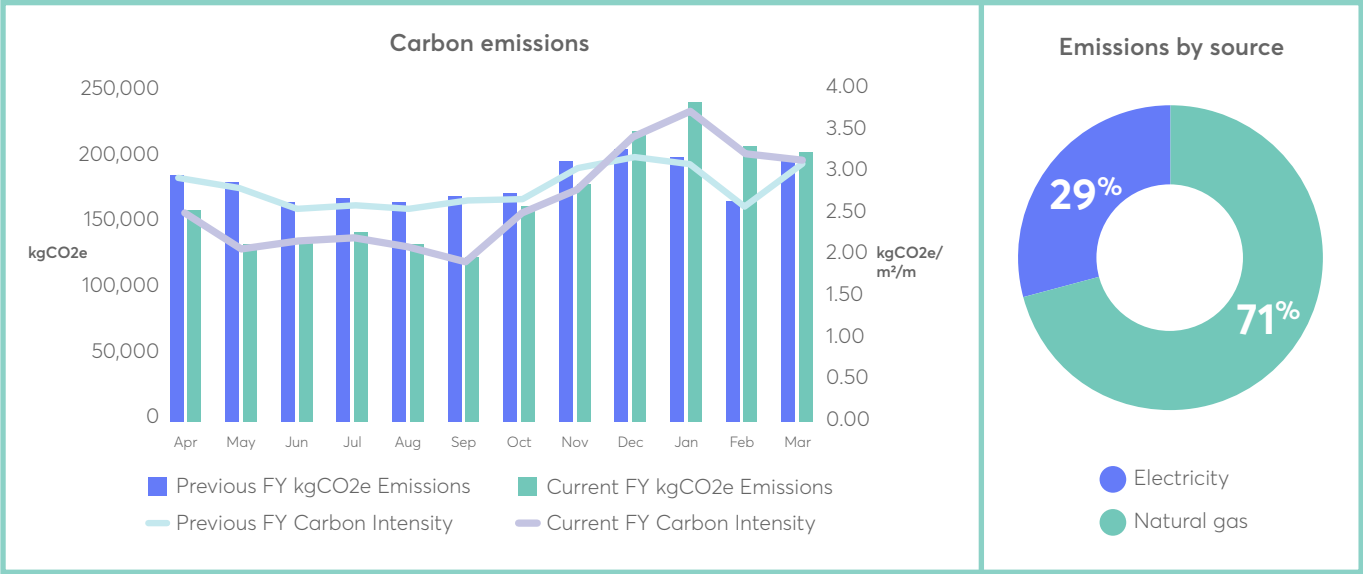
Financial year	April 2024 – March 2025	Emissions	256,852 kgCO ₂ e
Intensity metric	Floor area (m ²)	Emissions intensity	44,79 kgCO ₂ e/m ² /year

Reporting category	Current reporting year April 24 through March 25	Previous reporting year April 23 through March 24	April 20 through March 21
Energy consumption used to calculate emissions (kWh)	1,295,617	1,008,558	660,848
Electricity (kWh)	823,346	689,278	414,202
Natural gas (kWh)	472,271	319,280	246,646
Emissions from combustion of gas (Scope 1) (kgCO ₂ e)	86,378	58,401	45,350
Emissions from purchased electricity (Scope 2) (kgCO ₂ e)	170,474	142,727	98,751
Total gross kg CO₂e emitted during the reporting period	256,852	201,128	144,101
Intensity ratio (gross kgCO₂e/m²/year)	44,79	35,08	25,13
Emissions from purchased natural gas (Scope 1, market based) (kgCO ₂ e)	86,378	58,401	45,350
Emissions from purchased electricity (Scope 2, market based) (kgCO ₂ e)	170,474	142,727	98,751
Carbon offsets (kgCO ₂ e)	-	-	-
Total annual net emissions (kgCO ₂ e)	256,852	201,128	144,101
Net intensity ratio (kgCO ₂ e/m ²)	44,79	35,08	25,13

Carbon emissions for the year ended 31 March 2025:



Carbon emissions for the year ended 31 March 2024:



Methodology and estimates

Nesta complies with the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 and the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 and the approach to reporting is based on the GHG Protocol Corporate Accounting and Reporting Standard in line with the guidance on streamlined energy and carbon reporting. The reporting period is for the financial year 1 April 2024 to 31 March 2025, reporting all material GHG emissions using 'Kilograms of CO₂ equivalent' (kgCO₂e) as the unit of measurement and reporting energy use in kWh. Included is the energy and emissions for the buildings operated and within the financial control boundary. The results are presented as location-based emissions and market-based emissions, where applicable. 'Location-based' reflects the average emissions intensity of grid supplies (using grid average emissions factors) and 'market-based' reflects emissions from electricity and or gas where companies have opted to procure green energy or invested in renewable generation.

The methodology used to calculate total energy consumption was performed by implementing half-hour data provided by the utility company serving the organisation/asset. As Nesta does not occupy the whole building at 58 Victoria Embankment, consumption for areas outside of Nesta's control has been deducted. This has been deducted through sub-meter readings.

Emission levels increasing is in line with more people using the office. Energy and fuel consumption has been converted to carbon (kgCO₂e) using DEFRA published conversion factors with new conversion tables using the most up-to-date conversion factors for each period and each fuel type. In this instance, grid electricity and natural gas conversion rates were used. The most appropriate intensity metric has been selected in line with the primary drivers of energy consumption, where possible. For this report Gross Internal Area (GIA SQM) has been selected as the most appropriate to achieve a benchmark, and calculated intensity based on kWh consumed per meter squared per year (kWh/m²/yr).

Net zero

The Nesta Group has a net zero strategy, which has been created in line with best practice and the ambition to limit global temperature increase to 1.5°C. This includes reducing Scope 1 and 2 emissions by 90% by 2035, significantly reducing key Scope 3 categories by 2050,

and ensuring 25% of the investment portfolio is aligned to Science Based Targets Initiative (SBTi) targets by 2030. Our typical Scope 1, 2 and 3 emissions activities are listed below:

Scope	Definition	Nesta activities within Scope
Scope 1	Direct emissions that are owned or controlled by an organisation.	<ul style="list-style-type: none"> • Diesel use by back-up generator
Scope 2	Indirect emissions that are associated with the purchase of electricity, steam, heat or cooling, and are a result of the organisation's energy use.	<ul style="list-style-type: none"> • Purchased electricity • Purchased gas
Scope 3	All indirect emissions (not included in Scope 2) that occur in the value chain of the reporting organisation, including both upstream and downstream emissions.	<ul style="list-style-type: none"> • Supply chain emissions: <ul style="list-style-type: none"> • Purchased goods and services • Upstream transport and distribution • Business travel emissions • Employee commuting • Emissions from investment portfolio • Emissions from waste generated in operations

The Net Zero Strategic Plan was signed off by The Nesta Trust in July 2025, and is championed at the executive level by the chief of staff. As part of this strategy, the Trust approved an investment of up to £2 million for a programme of necessary legislated upgrades to the EPC rating of Nesta's headquarters at 58 Victoria Embankment, required for commercial rentals and as a result also reduce Nesta Group's Scope 1 and 2 emissions in line with SBTi guidelines.

The headline initiatives in this programme include:

- > **Installation of air source heat pumps:** to reduce reliance on gas by providing a low-carbon, energy-efficient alternative for heating and cooling.
- > **Upgrade to the solar PV panels on the roof:** to increase renewable energy generation onsite, helping to reduce electricity costs and emissions.
- > **Upgrades to the air handling unit motors:** to improve operational efficiency, reducing electricity consumption and enhancing ventilation performance.
- > **LED lighting replacements and upgrades:** to cut energy usage and maintenance costs while improving lighting quality across the building.
- > **Installation of extensive submetering throughout the building:** to enable more accurate monitoring and management of energy consumption, helping to identify savings opportunities.

The process of finalising the programme's implementation is running concurrently with the collation of data across the Nesta entities in order to calculate total Group emissions across Scopes 1, 2 and 3. A Net Zero Governance Group was confirmed in August 2025, with the responsibility of ensuring that the Group's net zero ambitions are embedded across the business and that progress is tracked and reported into the programme lead.

The Charity Governance Code

The Board is committed to adopting the principles set out in the Charity Governance Code (the 'Code'). In 2021 and in accordance with good practice, external specialist consultants undertook a full governance and board effectiveness review which concluded that Nesta has a "well functioning board that has led Nesta through significant change". The recommendations in the report aimed at further improving and refining Nesta's governance have been implemented and, in addition, Nesta's governance structures are regularly reviewed

internally to ensure they continue to be best practice. The Board has also reviewed the principles of the Charity Governance Code to ensure ongoing compliance. A further external review of governance and board effectiveness will be carried out later in 2025.



Section 172 statement

Background

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

- > the likely long-term consequences of any decision
- > the interests of employees
- > fostering relationships with key stakeholders
- > the impact of operations on our communities and environment (please see section on sustainability and carbon reporting for more details)
- > maintenance of our reputation for the highest standards of conduct
- > the need to act fairly as between members of the company.

Our stakeholders

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

It is to note that The Nesta Trust reports into the UK Government's Department for Science, Innovation and Technology ('DSIT') in terms of the Trust's balance sheet, which forms part of DSIT's annual financial accounts.

DSIT does not have any control over the investments the Trust makes but as stated earlier in the report, an interim governance advisor is in place to observe the governance of the Trust until a permanent protector is appointed.

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

Stakeholder group	Key considerations	How we engage
Beneficiaries	Improving the lives of the people and communities that Nesta works with. Making sure that our work benefits a significant section of the public.	Digital communications (website, social media, direct email). Event appearances and media coverage. Via our partners.
Partners	Nesta's partners are broad with varying interests. The nature of our partner engagement covers anything from working as part of a coalition for change on a particular issue to collaborating on a particular research project.	Publication of research reports, articles, data stories and blogs. Face-to-face meetings, or other forms of one-to-one engagement on relevant issues. Events and roundtables. Partner feedback and insights sought on issues of relevance to that partner. Newsletters, social media and other forms of marketing engagement. Nesta events and through attending or speaking at external events.
Employees	Providing a positive work environment and culture. Ensuring a focus on ensuring equality, diversity and inclusion (EDI). Providing opportunities for training, development and growth. Offering fair and appropriate remuneration and benefits.	We receive feedback through various mechanisms including an annual engagement survey and seek to implement positive change. We have a vibrant range of internal communication channels including our intranet, staff newsletters and all-staff meetings. We encourage regular performance and development conversations through our performance management approach: purpose-driven performance. We offer a wide range of learning and development opportunities.
Regulators	Maintaining strict governance and legal procedures to ensure compliance with all applicable regulatory regimes.	Timely submissions of all necessary filings and returns. Self-reporting and engagement where appropriate. Appropriate policies and training on key compliance and legal issues. Oversight by the legal team. Prompt and comprehensive response to requests for information.
Investment managers	Comprehensive view of the financial performance and sustainability of the endowment. Engagement on impact and ethical, social and governance factors. Ability to maximise the overall return of the endowment.	Regular meetings, calls and correspondence with our investment managers. Oversight from our Trust Investment Committee. Via Nesta's external appointed investment advisors.

Key decisions in 2024/25

The table below sets out the key decisions taken by The Board in 2024/25 and how the interests of our stakeholders and the wider factors set out in section 172 of the Companies Act 2006 were taken into account.

Key decision	Reason	Key considerations
Approval of the wind down of Nesta Impact Investments.	In order to further the charitable objects of both Nesta and The Nesta Trust, and in pursuit of Nesta's mission-led strategy, the Board approved the change in focus of Nesta's venture building activity from impact investment to the in-house Mission Studio.	Long-term impact on Nesta's strategy and on Nesta's ability to continue to achieve its charitable objects. Achievement of Nesta's mission-led strategy. Impact on current and future Nesta beneficiaries. Impact on reputation and standing with Nesta's stakeholders.
Confirmation that the current level of endowment draw is appropriate given Nesta's strategic goals, and can remain in place (rising by inflation, but subject to annual approval) for the next three years, after which the level of funding will be re-assessed.	In order to further the charitable objects of both Nesta and The Nesta Trust and to ensure financial sustainability, the Board confirmed the level of draw from the endowment for the next three years, subject to review after that.	Long-term impact on Nesta's strategy and on Nesta's ability to continue to achieve its charitable objects. Achievement of Nesta's and The Nesta Trust's long-term financial strategy. Impact on current and future Nesta beneficiaries. Impact on reputation and standing with Nesta's stakeholders.
Approval of the strategy review's conclusion to continue to focus heavily on Nesta's three missions, to accelerate Nesta's pivot towards policy and to drive towards scale.	In order to further the charitable objects of both Nesta and The Nesta Trust, and in pursuit of Nesta's mission-led strategy, the Board approved Nesta's strategy review which aimed to increase focus on Nesta's three missions, accelerate Nesta's pivot towards policy and drive towards scale.	Long-term impact on Nesta's strategy and on Nesta's ability to continue to achieve its charitable objects. Achievement of Nesta's mission-led strategy. Impact on current and future Nesta beneficiaries. Impact on reputation and standing with Nesta's stakeholders.

Nesta and its people

Nesta is dedicated to fostering a diverse and inclusive workplace that values the skills and contributions of all employees. We believe that a diverse workforce leads to an organisation that is more innovative, creative and gets better results. We want our workforce to represent the diversity of the people and communities we serve. We also want our workplace to be one where different experiences, expertise and perspectives are valued, and where everyone is encouraged to grow and develop. When recruiting, we actively seek to reach a diverse pool of candidates and we consider any reasonable adjustments that potential employees may need in order to be successful. We recognise the importance of a good balance between work and home life and seek to accommodate flexible working, including working from home, compressed or part-time hours and other arrangements.

Nesta is committed to the employment and career development of disabled people. We give full and fair consideration to all applications, and if an existing employee becomes disabled during their employment, we make every reasonable effort to support their continued employment. We also provide appropriate training, development and career progression opportunities to ensure disabled colleagues can thrive at Nesta.

Providing information to employees

Nesta has several internal communication channels to disseminate information to employees, including email, Slack, an intranet, our regular staff bulletin 'The Spark', and options for staff to share Nesta's work through social media platforms. There are monthly all-staff meetings to share organisation-wide updates and communicate important information to staff and many different opportunities to come together and collaborate in both a work and social context.

Employee consultation

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

The Board and Executive Team actively engage with employees through surveys, union consultation, all-staff meetings, and cross-functional mission teams. Feedback from these channels is considered when making key decisions on pay, benefits, team structures, and organisational strategy, ensuring that employee perspectives are taken into account and help shape the charity's performance, culture, and delivery of its objectives.

Encouraging employee involvement

The mission teams are cross-functional and bring together different methods and areas of expertise which encourages innovation, collaboration and shared decision-making. Employees are encouraged to take ownership of their work and we provide them with the autonomy to make decisions within their scope of responsibility.

Alongside this all staff are set individual goals on an annual basis with progress against these being reviewed three times throughout the year.

Creating awareness of economic factors

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

The Nesta Executive Team

The Nesta Executive Team, which comprises the charity's Key Management Personnel (KMP) for financial reporting purposes, is responsible for setting our strategic direction alongside providing day-to-day operational leadership of the charity. Our Executive Team (see page 94 for details) provides advice and updates to the Board on all strategic, operational or policy matters, the delivery of key organisational goals and communicates any issues arising from the specific functional areas for which its members are responsible.

The People Committee

The People Committee met three times in the year, providing governance and guidance to the people team.

Key people activities

Throughout 2024/25 we have focused on:

- > implementing new structures across various teams in order to have the right skills and expertise to further support the work of our missions
- > introducing a programme of learning across the Group to develop the capabilities we require to deliver our strategic goals
- > establishing our new target culture of 'whatever it takes' to achieve our mission goals.

People plans for 2025/26

Looking forward, for 2025/26 we will continue to drive our people strategy with particular focus on:

- > driving a high-performance organisation with a robust performance management approach and training and development for our leaders and line managers
- > attracting and retaining the best talent in the market including developing our employee value proposition to support attracting from a wider talent pool and supporting our existing talent in understanding how they can develop their careers within and beyond Nesta
- > reviewing our employee benefits ensuring we're offering employees a varied range of benefits to meet their needs
- > developing our people systems capability with the implementation of a new learning experience platform and a market review of applicant tracking systems
- > continuing to embed our 'whatever it takes' culture where all staff feel encouraged to do whatever it takes to achieve our missions.

Pay at Nesta

At Nesta transparency is fundamental to all aspects of our work and we take the same approach to employee remuneration. We have detailed our approach to pay and outlined how our pay levels are defined. All pay bands are visible and available to our employees.

Our People Committee is responsible for agreeing salary levels of all executive posts upon appointment, any ex gratia or non contractual one-off payments and recommending the annual pay budget to the Board as part of our annual budget process.

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

Nesta is proud to be an Accredited Real Living Wage employer and funder and as such, all interns within the organisation are paid. Nesta's annual salary review takes effect from 1 April. Our union has recognition for collective bargaining on pay and as such we agree a general cost of living award annually to reflect changes in the wider labour market and levels of inflation. A general award of 2.7% was made in April 2025 (4% in April 2024).

Decisions on any individual pay awards are guided by a set of established and published criteria which include consideration of any EDI factors. Given the importance of EDI, we seek to ensure that individual pay awards and promotions are proportional and representative across the protected characteristics of ethnicity and gender. Any individual pay awards fall within the annual pay budget as agreed by the People Committee and the Board.

Promotions are driven by business need and made when we have a clear requirement for a role to operate at a higher band and the current role holder is ready to perform at that level. All individual pay awards and promotions are approved by executive directors and the people team.

Nesta provides a mixed portfolio of financial and non-financial rewards and benefits for our employees to ensure we are able to attract and retain the most talented people to deliver our strategy.

Statement of trustees' responsibilities

The trustees who are also directors of Nesta (for the purpose of company law) are responsible for preparing the trustees' report (incorporating the strategic report and directors' report) and financial statements in accordance with applicable law and regulations and UK accounting standards, including Financial Reporting Standard 102: The Financial Reporting Standard applicable in the UK and Republic of Ireland (UK 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 the Group and of the income and expenditure of the charitable group for that period.

In preparing these financial statements, the trustees are required to:

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

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

The trustees are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and the Group 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Disclosure to our auditors

In so far as the trustees are aware:

- > there is no relevant audit information of which the charitable company's auditors are 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 auditors are aware of that information.

The trustees' report, incorporating the strategic report, is approved by the Board of Trustees and authorised for issue on 25 September 2025, and signed on its behalf by:

Ed Richards

Chair of the Board of Trustees

Date: 5 December 2025

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

Opinion

We have audited the financial statements of Nesta (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 March 2025 which comprise the consolidated statement of financial activities, parent statement of financial activities, consolidated and parent charity balance sheet, consolidated and parent charity cash flow statements and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- > give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 March 2025 and of the group's and the parent charitable company's incoming resources and application of resources, including 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 Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Basis for opinion

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

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

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or parent charitable company's ability to continue as a going concern for a period of at least 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 other information comprises the information included in the annual report and accounts other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report and accounts. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

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 Directors' Report, which includes the Directors' Report and the Strategic Report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- > the Directors' Report and the Strategic Report included within the Annual Report and Accounts have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report or the Strategic Report included within Annual Report and Accounts.

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

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

Responsibilities of trustees

As explained more fully in the Statement of Trustees' responsibilities set out on page 49, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

The extent to which the audit was considered capable of detecting irregularities, including fraud

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

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

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

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

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

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

including the Trustees' Report, remaining alert to new or unusual transactions which may not be in accordance with the governing documents, inspecting correspondence with tax authorities and evaluating advice received from external tax advisors.

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

The group audit engagement team identified the risk of management override of controls, income recognition and carrying value of investments as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments, evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, challenging judgments and estimates applied throughout the financial statements, testing of revenue cut off around the year end and reviewing management's rationale for the valuation of investments.

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

Use of our report

This report is made 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.

Hannah Catchpool (Senior Statutory Auditor)

For and on behalf of RSM UK Audit LLP, Statutory Auditor, Chartered Accountants, 25 Farringdon Street, London, EC4A 4AB

Date: 5 December 2025

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

7. Financial statements

Consolidated statement of financial activities for the year ended 31 March 2025

	Notes to the accounts	Unrestricted funds	Restricted funds	Expendable endowment	Total funds	Total funds Restated *
		2025 £'000	2025 £'000	2025 £'000	2025 £'000	2024 £'000
Income from:						
Investment income	2	175	-	14,838	15,013	14,214
Charitable activities	3	5,245	6,686	-	11,931	13,278
Other trading activities	4	26,872	-	-	26,872	24,761
Other income	5	1,490	-	-	1,490	159
Total Group income		33,782	6,686	14,838	55,306	52,412
Expenditure on:						
Raising funds						
Trading activities	6a	22,978	-	-	22,978	23,193
Investment management costs	6b	56	-	188	244	468
Total expenditure on raising funds		23,034	-	188	23,222	23,661
Charitable activities	7					
Applied research and policy		5,061	358	58	5,477	6,781
A fairer start		3,399	62	37	3,498	3,036
A healthy life		4,742	372	54	5,168	3,326
A sustainable future		3,935	79	43	4,057	2,847
Enterprises		12,584	12,212	263	25,059	13,074
Investments		3,785	750	48	4,583	6,197
Projects pre Strategy 2020		2,467	64	27	2,558	6,805
Total expenditure on charitable activities		35,973	13,897	530	50,400	42,066
Total Group expenditure		59,007	13,897	718	73,622	65,727
Net (expenditure)/income before investment gains		(25,225)	(7,211)	14,120	(18,316)	(13,315)
Net gains/(losses) on Investments for financial return	11	(322)	-	14,378	14,056	20,058
Net (expenditure)/income		(25,547)	(7,211)	28,498	(4,260)	6,743
Share of (losses) in joint venture	12b	20	-	-	20	(545)
Transfers between funds	16	10,228	1,107	(11,335)	-	-
Net (expenditure)/income before other recognised (losses)/gains		(15,299)	(6,104)	17,163	(4,240)	6,198
Other recognised (losses)/gains						
Foreign exchange (losses)/ gains		(65)	-	10	(55)	(65)
Net movement in funds for the year		(15,364)	(6,104)	17,173	(4,295)	6,133
Reconciliation of funds						
Total funds brought forward	22	51,365	14,556	411,935	477,856	471,723
Total funds carried forward		36,001	8,452	429,108	473,561	477,856

A summary income and expenditure account is presented in Note 18 in compliance with the Companies Act 2006. The Group has no recognised gains or losses other than those included in the consolidated statement of financial activities. All activities are continuing.

The notes on pages 58 to 92 form part of these accounts.

*During the year, the classification of charitable income and expenditure was amended to those headings seen above, as these more accurately reflect the activities undertaken by the Group. 2024 expenditure has been restated to provide comparatives for these headings. Total income and expenditure for 2024 has not changed.

Parent statement of financial activities for the year ended 31 March 2025

	Unrestricted funds 2025 £'000	Restricted funds 2025 £'000	Total funds 2025 £'000	Total funds 2024 Restated* £'000
Income from:				
Donations and legacies	35,402	–	35,402	29,639
Charitable activities	6,160	6,686	12,846	13,941
Trading activities	1,950	–	1,950	2,013
Investment income	132	–	132	604
Other income	1,423	–	1,423	1,303
Total income	45,067	6,686	51,753	47,500
Expenditure on:				
Charitable activities				
Applied research and policy	5,515	358	5,873	7,013
A fairer start	3,601	62	3,663	3,093
A healthy life	4,984	372	5,356	3,444
A sustainable future	4,226	79	4,305	2,912
Enterprises	13,793	12,212	26,005	12,520
Investments	5,057	750	5,807	5,287
Projects pre Strategy 2020	2,564	64	2,628	7,045
Total charitable activities	39,740	13,897	53,637	41,314
Total expenditure	39,740	13,897	53,637	41,314
Net income/(expenditure) before investment gains	5,327	(7,211)	(1,884)	6,186
Net gain/(loss) on investments	802	–	802	(7,572)
Net income/(expenditure)	6,129	(7,211)	(1,082)	(1,386)
Transfer between funds	(1,107)	1,107	–	–
Net movement in funds for the year	5,022	(6,104)	(1,082)	(1,386)
Reconciliation of funds				
Total funds brought forward	39,370	14,556	53,926	55,312
Total funds carried forward	44,392	8,452	52,844	53,926

The company has no recognised gains or losses other than those included in the statement of financial activities.

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

*During the year, the classification of charitable income and expenditure was amended to those headings seen above, as these more accurately reflect the activities undertaken by the Group. 2024 expenditure has been restated to provide comparatives for these headings. Total income and expenditure for 2024 has not changed.

Consolidated and parent charity balance sheet as at 31 March 2025

Company number: 07706036

	Notes to the accounts	Group 2025 £'000	Parent charity 2025 £'000	Group 2024 £'000	Parent charity 2024 £'000
Fixed assets					
Intangible fixed assets	9	5,479	108	6,205	–
Tangible fixed assets	10	24,372	874	25,130	1,025
Investments:					
Investments – quoted and unquoted	11	410,150	–	399,214	–
Programme-related investments	12a	3,331	29,708	29,848	25,416
Programme-related investment in joint venture – share of net assets/costs	12b	3,272	1,379	2,752	879
Mixed motive investment	12c	–	18,280	–	17,478
Total investments		416,753	49,367	431,814	43,773
Total fixed assets		446,604	50,349	463,149	44,798
Current assets					
Debtors	13	22,437	14,158	22,154	15,752
Cash and cash equivalents		20,986	2,388	16,451	5,781
Total current assets		43,423	16,546	38,605	21,533
Current liabilities					
Creditors – amounts falling due within one year	14	(15,733)	(13,473)	(13,652)	(11,352)
Net current assets		27,690	3,073	24,953	10,181
Total assets less current liabilities		474,294	53,422	488,102	54,979
Creditors – amounts falling due after one year	14	(733)	(578)	(10,246)	(1,053)
Net assets		473,561	52,844	477,856	53,926
Charitable funds					
Expendable endowment funds	16a	429,108	–	411,935	–
General funds	16a	37,484	44,392	52,868	39,370
Total charitable unrestricted funds		466,592	44,392	464,803	39,370
Restricted funds	16b	8,452	8,452	14,556	14,556
Total charitable funds		475,044	52,844	479,359	53,926
Funds retained within non-charitable joint ventures	16a	(1,483)	–	(1,503)	–
Total funds		473,561	52,844	477,856	53,926

The notes on pages 58 to 92 form part of these accounts.

Approved by the Board of Trustees and authorised for issue on 25 September 2025 and signed on its behalf by Ed Richards, Chair of the Board of Trustees.

Ed Richards,

Chair of the Board of Trustees of Nesta

Date: 5 December 2025

Consolidated cash flow statement for the year ended 31 March 2025

	Note	Group 2025 £'000	Group 2024 £'000
Cash flows used in operating activities			
Net cash used in operating activities	(a)	(37,363)	(20,551)
Cash flows from investing activities			
Net cash inflows from investing activities	(b)	41,968	17,005
Cash flows used in financing activities			
Net cash (outflows) from financing activities	(c)	(15)	(15)
Change in cash and cash equivalents in the reporting period		4,590	(3,561)
Cash and cash equivalents at the beginning of the reporting period		16,451	20,077
Change in cash and cash equivalents due to exchange rate movements		(55)	(65)
Cash and cash equivalents at the end of the reporting period		20,986	16,451
Cash flow statement notes			
a) Reconciliation of net (expenditure)/ income to net cash flow from operating activities			
Net (expenditure)/ income (as per consolidated statement of financial activities)		(4,260)	6,743
Depreciation charges		1,025	1,077
Amortisation charges		1,173	1,090
Unrealised and realised (gains)/ losses from quoted and unquoted investments		(14,056)	(20,060)
Impairment of goodwill		-	2,179
Revaluation of programme-related investments		1,224	1,661
Dividends, interest and rents from investments		(14,676)	(14,190)
Bank interest		(337)	(24)
Interest paid and bank charges		15	15
Investment management fees		244	468
(Increase) in debtors		(283)	(1,883)
(Decrease)/ increase in creditors		(7,432)	2,372
		(37,363)	(20,551)
(b) Cash flows from investing activities			
Dividends, interest, rent and other income from investments		14,676	14,190
Bank interest		337	24
Investment management fees		(244)	(468)
Purchase of intangible fixed assets		(260)	-
Purchase of property, plant and equipment		(501)	(1,147)
Purchase of quoted and unquoted investments		(145,297)	(26,833)
Purchase of programme-related investments		(805)	(6,301)
Proceeds from sale or maturity of quoted and unquoted investments		169,557	38,110
Proceeds from sale of fixed assets		26	74
Proceeds from sale of intangible fixed assets		21	-
Proceeds from sale of programme-related investments		4,958	(98)
Movement in net assets of joint ventures		(520)	(545)
Share of gains/ (losses) in joint venture		20	-
		41,968	17,005
(c) Cash flows from financing activities			
Interest paid and bank charges		(15)	(15)
		(15)	(15)

Analysis of changes in net debt

	At start of year £'000	Cashflows £'000	Foreign exchange movements £'000	At end of year £'000
Cash and cash equivalents	16,451	4,590	(55)	20,986
	16,451	4,590	(55)	20,986

Included in cash and cash equivalents of £21.0 million (2024: £16.5 million) is a balance of £0.9 million (2024: £5.0 million) which is restricted for specific projects.

Parent cash flow statement for the year ended 31 March 2025

	Note	Parent charity 2025 £'000	Parent charity 2024 £'000
Cash flows used in operating activities			
Net cash used in operating activities	(a)	2,730	5,459
Cash flows from investing activities			
Net cash (outflows) from investing activities	(b)	(6,109)	(6,598)
Cash flows used in financing activities			
Net cash (outflows) from financing activities	(c)	(14)	(13)
Change in cash and cash equivalents in the reporting period		(3,393)	(1,152)
Cash and cash equivalents at the beginning of the reporting period		5,781	6,933
Change in cash and cash equivalents due to exchange rate movements		-	-
Cash and cash equivalents at the end of the reporting period		2,388	5,781
Cash flow statement notes			
a) Reconciliation of net (expenditure) to net cash flow from operating activities			
Net (expenditure) (as per statement of financial activities)		(1,082)	(1,386)
Depreciation charges		434	510
Amortisation charges		46	-
Revaluation of programme-related investments		211	8,909
Dividends, interest and rents from investments		(126)	(604)
Bank interest		(6)	-
Interest paid and bank charges		14	13
Decrease/ (increase) in debtors		1,594	(3,970)
Increase in creditors		1,645	1,987
		2,730	5,459
(b) Cash flows from investing activities			
Dividends, interest and rents from investments		127	604
Bank interest		6	-
Purchase of intangible fixed assets		(49)	-
Purchase of property, plant and equipment		(409)	(647)
Purchase of programme-related investments		(6,142)	(6,738)
Proceeds from sale of fixed assets		2	-
Proceeds from sale of intangible fixed assets		19	-
Proceeds from sale of programme-related investments		337	183
		(6,109)	(6,598)
(c) Cash flows from financing activities			
Interest paid and bank charges		(14)	(13)
		(14)	(13)

Analysis of changes in net debt

	At start of year £'000	Cashflows £'000	Foreign exchange movements £'000	At end of year £'000
Cash and cash equivalents	5,781	(3,393)	-	2,388
	5,781	(3,393)	-	2,388

Included in cash and cash equivalents of £2.4 million (2024: £5.8 million) is a balance of £0.9 million (2024: £5.0 million) which is restricted for specific projects.

1. Accounting policies

a. Basis of preparation

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

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

b. Going concern

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

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

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

c. Basis of consolidation

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

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

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

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

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

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

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

1. Accounting policies (continued)

d. Fund accounting

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

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

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

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

e. Income

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

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

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

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

Income from trading activities is generated on non-primary purpose trading activities of the trading subsidiaries Nesta Enterprises Limited, Behavioural Insights Limited ('BIT') and Nesta Challenges. This represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the value of the consideration due. Where a contract has only been partially completed at the

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

f. Expenditure

Expenditure is accounted for on an accruals basis.

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

The categories defined by the trustees for the purposes of organisational management are – applied research and policy, a fairer start, a healthy life, a sustainable future, enterprises, investments and projects pre Strategy 2020 (2024: a fairer start, a healthy life, a sustainable future, central programmes and devolved nations, committed programme delivery, enterprises, investments in furtherance of the Group's charitable objectives and practices).

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

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

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

1. Accounting policies (continued)

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

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

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

g. Support costs – allocation

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

h. Intangible fixed assets and amortisation

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

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

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

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

At the beginning of the year, computer software was transferred from tangible assets (Note 10) to intangible assets (Note 9). Amortisation is being charged over three to five years, or the life of the lease.

i. Tangible fixed assets and depreciation

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

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

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

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

j. Investment assets – quoted and unquoted

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

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

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

1. Accounting policies (continued)

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

I. Valuation – quoted investments

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

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

II. Valuation – unquoted investments

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

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

Unquoted investments, directly held as part of the Group's trading portfolio are initially recognised at cost and subsequently held at the investment's fair value, being the expected market value of a sale between two knowledgeable counterparties. When determining the fair value of the assessment, the directors make the following assumptions on the nature and instrument of the investment:

- > Where an investment has held a successful external investment funding round within the last 12 months, the value of this funding round is deemed to be a reasonable approximation of the market value of the investment.
- > Where a funding round took place more than 12 months before the financial year end, then the fair value is assessed through the review of the performance of the business and any significant deviations from the expected performance.
- > Where an investment has been made through a convertible loan note instrument, then the fair value is deemed to be the cost of the loan note principal until the date of the conversion event, at which point the fair value will be revised based on the pricing of the conversion event. Due to the uncertainty around the timing of the conversion event then this is deemed to be a reasonable value.
- > Where a third party valuation report is available then the fair value of the investment is calculated based on the valuation within the report and the percentage holding of the investment.

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

III. Valuation – investment property

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

IV. Treatment – unquoted investments

Investments, loans or contributions to funds to date are recognised in full in the balance sheet. Undrawn commitments are disclosed by way of Note 19.

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

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

1. Accounting policies (continued)

k. Investment assets – programme-related investments

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

During the year, management conducted a reassessment of its investment classifications in line with the Charities SORP (FRS 102). Following this review, investments with a value of £21.1 million previously classified as Programme-Related Investments (PRIs) have been reclassified as Financial Investments, as they are no longer held primarily to further the charity's objectives.

This reclassification, effective from 1 April 2024, reflects a refined assessment of the investment purpose and management approach, rather than a correction of a prior-year misstatement. The financial impact is limited to a presentation change, with no impact on valuation methodology.

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

l. Investment assets – joint venture

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

m. Investment assets – mixed motive

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

n. Significant estimates

The preparation of financial statements requires management to make estimates and judgements that affect the reported amounts of assets and liabilities as well as the disclosure of contingent liabilities and the carrying value of goodwill at the balance sheet date. Actual outcomes could differ from those estimates. This is especially the case of the valuation of the Group's investment in early-stage companies which is an inherently volatile and uncertain process. However, the valuation guidelines applied are considered to be the best estimate of market value.

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

An internal valuation exercise was performed to obtain a valuation of Behavioural Insights Limited as at 31 March 2025. The valuation was based on expected future cash flows in accordance with Financial Reporting Standards ('FRS') 102. Any change in value is charged to the statement of financial activities as an investment impairment as a gain/ (loss) on investment.

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

Investment assets are valued on an asset by asset basis.

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

1. Accounting policies (continued)

o. Debtors receivable, creditors, provisions and contingent liabilities

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

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

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

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

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

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

p. Pension costs

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

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

q. Taxation

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

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

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

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

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

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

1. Accounting policies (continued)

r. Exchange gains and losses

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

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

s. Operating leases

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

t. Related party transactions

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

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

u. Financial instruments

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

v. Cash and cash equivalents

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

2. Investment income

	Group 2025 £'000	Group 2024 £'000
Quoted investments:		
Interest and dividends receivable	2,834	3,600
Total income from quoted investments	2,834	3,600
Unquoted investments:		
Interest and dividends receivable	11,714	10,590
Total income from unquoted investments	11,714	10,590
Bank interest	337	24
Other investment income	128	–
Total investment income	15,013	14,214

Included in total investment income of £15.0 million (2024: £14.2 million) is £0.2 million (2024: £0.4 million) unrestricted income and £14.8 million (2024: £13.8 million) expendable endowment income.

3. Income from charitable activities

	Funding from government bodies	Funding from non-government bodies	Other charitable activity income	Group total	Funding from government bodies Restated *	Funding from non-government bodies Restated *	Other charitable activity income Restated *	Group total Restated *
	2025 £'000	2025 £'000	2025 £'000	2025 £'000	2024 £'000	2024 £'000	2024 £'000	2024 £'000
Applied research and policy	Note 3a (35)	(94)	142	13	Note 3a 67	(30)	33	70
A fairer start	-	80	-	80	-	-	-	-
A healthy life	50	-	-	50	5	873	-	878
A sustainable future	-	28	32	60	(7)	-	-	(7)
Enterprises	375	5,712	5,491	11,578	5,127	294	4,360	9,781
Investments	-	255	92	347	-	-	81	81
Projects pre Strategy 2020	(450)	(29)	21	(458)	10	30	2	42
Other	-	147	114	261	-	2,433	-	2,433
Total income from charitable activities	(60)	6,099	5,892	11,931	5,202	3,600	4,476	13,278

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

Included in total charitable income of £11.9 million (2024: £13.3 million) is £5.2 million (2024: £3.7 million) unrestricted income and £6.7 million (2024: £9.6 million) restricted income.

*During the year, the classification of charitable income was amended to those headings seen above, as these more accurately reflect the activities undertaken by the Group. 2024 expenditure has been restated to provide comparatives for these headings. Total income and expenditure for 2024 has not changed.

3. Income from charitable activities (continued)

3a. Restricted funding from government bodies

	Group 2025 £'000	Group 2024 £'000
Arts and Humanities Research Council, AHRC	-	10
Arts Council England, ACE	-	35
Centre for Industrial Technological Development (CDTI)	50	-
Department for Business and Trade, DBT [previously Department for Business, Energy and Industrial Strategy (BEIS)]	-	875
Department for Health and Social Care, DHSC	-	270
Department for Science, Innovation and Technology, DSIT	-	1,900
Food Standards Scotland	50	-
Global Affairs Canada	(51)	-
Innovate UK, UKRI	341	187
Scottish Government	-	5
Surrey County Council	-	(7)
UK Space Agency	-	1,542
United Kingdom Humanitarian Innovation Hub, UKHIH, Collective Crisis Intelligence	-	(35)
United States Agency for International Development, USAID	-	420
Welsh European Funding Office	(450)	-
Total restricted funding from government bodies	(60)	5,202

Negative items above relate to income that has been previously recognised and has now been reversed as it is no longer falling due.

4. Income from other trading activities

	Group 2025 £'000	Group 2024 £'000
Rental income	1,369	1,547
<i>Income from trading</i>		
Consultancy	536	875
Venue hire and other	95	-
Trading subsidiary income – Behavioural Insights Limited	24,872	22,339
Total income from other trading activities	26,872	24,761

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

5. Other income

	Group 2025 £'000	Group 2024 £'000
Gain on disposal of programme-related investment	1,341	–
Events and workshops fees	104	42
Impact fund management fees	45	117
Total other income	1,490	159

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

6. Expenditure on raising funds

6a. Trading activities

	Group 2025 £'000	Group 2024 £'000
Trading activities expenditure – subsidiaries	22,978	23,193
Total trading activity expenditure	22,978	23,193

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

6b. Investment management costs

	Group 2025 £'000	Group 2024 £'000
Investment manager fees	217	403
Custodian fees	27	65
Total investment management costs	244	468

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

Of the total £0.2 million (2024: £0.5 million) investment management costs above, £0.2 million (2024: £0.4 million) relates to expendable endowment funds and £0.0 million (2024: £0.1 million) relates to unrestricted funds.

7. Expenditure on charitable activities

	Grant making	Non-grant direct cost	Allocated support costs	Group total	Grant making Restated *	Non-grant direct cost Restated *	Allocated support costs Restated *	Group total Restated *
	2025 £'000	2025 £'000	2025 £'000	2025 £'000	2024 £'000	2024 £'000	2024 £'000	2024 £'000
	Note 7b		Note 7a		Note 7b		Note 7a	
Applied research and policy	30	2,821	2,626	5,477	-	2,345	4,436	6,781
A fairer start	51	1,796	1,651	3,498	472	1,218	1,346	3,036
A healthy life	1,100	1,993	2,075	5,168	-	1,745	1,581	3,326
A sustainable future	-	2,182	1,875	4,057	22	1,474	1,351	2,847
Enterprises	11,090	7,485	6,484	25,059	2,266	5,460	5,348	13,074
Investments	210	2,585	1,788	4,583	-	3,664	2,533	6,197
Projects pre Strategy 2020	-	1,382	1,176	2,558	2,412	2,074	2,319	6,805
Total charitable activities	12,481	20,244	17,675	50,400	5,172	17,980	18,914	42,066

*During the year, the classification of charitable expenditure was amended to those headings seen above, as these more accurately reflect the activities undertaken by the Group. 2024 expenditure has been restated to provide comparatives for these headings. Total income and expenditure for 2024 has not changed.

Charitable expenditure of £50.4 million (2024: £42.1 million) includes £36.0 million (2024: £32.7 million) unrestricted expenditure, £13.9 million (2024: £8.9 million) restricted expenditure and £0.5 million (2024: £0.5 million) endowment expenditure.

7a. Support costs

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

	Support staff costs	Premises, technology and other costs	Governance	Group total	Support staff costs Restated *	Premises, technology and other costs Restated *	Governance Restated *	Group total Restated *
	2025 £'000	2025 £'000	2025 £'000	2025 £'000	2024 £'000	2024 £'000	2024 £'000	2024 £'000
Applied research and policy	2,025	544	57	2,626	3,459	916	61	4,436
A fairer start	1,262	353	36	1,651	642	660	44	1,346
A healthy life	1,424	590	61	2,075	853	682	46	1,581
A sustainable future	1,414	417	44	1,875	728	584	39	1,351
Enterprises	2,574	3,546	364	6,484	2,129	3,017	202	5,348
Investments	1,201	533	54	1,788	1,006	1,431	96	2,533
Projects pre Strategy 2020	885	264	27	1,176	450	1,752	117	2,319
Total support costs	10,785	6,247	643	17,675	9,267	9,042	605	18,914

*During the year, the classification of charitable expenditure was amended to those headings seen above, as these more accurately reflect the activities undertaken by the Group. 2024 expenditure has been restated to provide comparatives for these headings. Total income and expenditure for 2024 has not changed.

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

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

7. Expenditure on charitable activities (continued)

7b. Grants

Included in the cost of charitable activities are grants payable. Grants of £50,000 and above are detailed below.

Recipient	Grants to institutions 2025 £'000	External/Nesta funded	Programme
Sysmex Astrego	5,000	External	Longitude Prize on Antimicrobial Resistance
Sysmex Astrego	3,000	Nesta funded	Longitude Prize on Antimicrobial Resistance
Fairshare Educational Foundation T/A ShareAction	1,100	Nesta funded	ShareAction – Healthy Markets Initiative
Animorph Co-Operative	300	External	Longitude Prize on Dementia
Associação Fraunhofer Portugal Research	300	External	Longitude Prize on Dementia
Supersense Technologies Ltd	300	External	Longitude Prize on Dementia
Western Sydney University	300	External	Longitude Prize on Dementia
Clairvoyant Networks, Inc.	300	External	Longitude Prize on Dementia
Arts & Culture Finance	200	Nesta funded	Arts & Culture Finance
Naicker Scientific Ltd	150	Nesta funded	UKSA – Aqua Lunar Water Challenge
Cc Informatics Ltd	100	External	Manchester Prize
Phytoform Labs Ltd	100	External	Manchester Prize
GreyParrot.Ai Ltd	100	External	Manchester Prize
Polaron Ltd	100	External	Manchester Prize
Hr Wallingford Limited	100	External	Manchester Prize
Transhumanity Ltd	100	External	Manchester Prize
EvoPhase Ltd	100	External	Manchester Prize
University Of Warwick	100	External	Manchester Prize
UKCRIC	100	External	Manchester Prize
Open Climate Fix Limited	100	External	Manchester Prize
Redspace Ltd	100	Nesta funded	UKSA – Aqua Lunar Water Challenge
Queen Mary University Of London	50	Nesta funded	UKSA – Aqua Lunar Water Challenge
Grants below £50,000 (number of grants to institutions 16)	391		
Grants cancelled in the year	(10)		
Total grants	12,481		

There were no grants to individuals in the year.

7. Expenditure on charitable activities (continued)

7b. Grants prior year

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

There were no grants to individuals in the year.

7c. Auditor's fees

	Group 2025 £'000	Group 2024 £'000
External audit (RSM UK Audit LLP)	269	241
Internal audit (Grant Thornton)	–	34
Other assurance services	–	–
Tax advisory services	35	33
Total auditor fees	304	308

External audit fees incurred for Nesta, the parent charity, were £0.07 million (2024: £0.06 million) excluding VAT.

8. Employees for parent and group

8a. Staff costs

	Group 2025 £'000	Group 2024 £'000
Salaries and emoluments of directly employed staff	32,327	30,186
Social security costs	3,532	3,205
Pension costs	2,863	2,646
Agency/temporary staff costs	1,022	1,165
Other staff costs	709	647
Total	40,453	37,849

Included in staff costs above is £15.9 million (2024: £16.3 million) relating to Behavioural Insights Limited, a 100% owned trading subsidiary.

The increase in staff costs is due to a larger number of staff in higher salary bands, cost of living increase awarded, increase in secondee costs (£467k) and increase in end of service costs (£547k).

Termination benefits payments totalling £0.2 million (2024: £0.2 million) were made in the year to other departing staff as part of compensation packages, primarily being compensation for loss of office.

8b. Staff numbers

The following shows average headcount staff numbers during the year.

	Group 2025	Group 2024 Restated *
Applied research and policy	33	74
A fairer start	21	14
A healthy life	23	18
A sustainable future	23	16
Enterprises	42	45
Investments	20	21
Projects pre Strategy 2020	15	10
Support	115	74
Trading	220	242
Total	512	514

The average full time equivalent for 2025 is 481 (2024: 482).

Behavioural Insights Limited accounts for 200 (2024: 222) of this full time equivalent figure, and the 220 (2024: 242) trading headcount above.

*During the year, the classification of staff was amended to those headings seen above, as these more accurately reflect the activities undertaken by the Group. 2024 expenditure has been restated to provide comparatives for these headings. Total staff numbers for 2024 has not changed.

8. Employees for parent and Group (continued)

8c. Higher earners

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

	Group 2025	Group 2024
£60,000 – £69,999	57	29
£70,000 – £79,999	29	35
£80,000 – £89,999	23	23
£90,000 – £99,999	9	7
£100,000 – £109,999	7	7
£110,000 – £119,999	7	6
£120,000 – £129,999	2	3
£130,000 – £139,999	2	2
£140,000 – £149,999	5	3
£150,000 – £159,999	1	1
£160,000 – £169,999	1	-
£170,000 – £179,999	2	1
£180,000 – £189,999	2	-
£190,000 – £199,999	-	1
£200,000 – £209,999	-	-
£260,000 – £269,999	1	-
£280,000 – £289,999	-	1

Of staff with remuneration over £60,000, 148 (2024: 119) are members of the defined contribution pension scheme. Employer contributions to the scheme related to staff in these salary ranges during the year were £1.2 million (2024: £1.0 million).

8d. Key management personnel

The annual salaries (including benefits, termination payments and any bonuses) of the Executive Team as at 31 March 2025 totalled £1.6 million (2024: £1.6 million). The Executive Team are considered to be key management personnel.

The Executive Team are entitled to the same flexible benefits and contributions to the pension scheme as all staff. Nesta offers a defined contribution pension scheme with the contribution from Nesta ranging from a minimum of 8 per cent up to 12 per cent of salary, depending on the level of contributions made by the employee. Employer pension contributions for the Executive Team amounted to £0.2 million (2024: £0.2 million) for the year. Employer National Insurance contributions were £0.2 million (2024: £0.2 million).

Therefore the total remuneration for key management personnel was £2.0 million (2024: £2.0 million).

8e. Pensions

Defined contribution schemes are offered across the Group. The Group's total contributions made in respect of the year, for all schemes, totalled £2.9 million (2024: £2.6 million), including outstanding contributions of £0.3 million (2024: £0.3 million) at the balance sheet date.

Nesta offers employees 8 per cent up to 12 per cent contribution, on a defined contribution basis, to a personal pension scheme or group stakeholder scheme. Nesta's total contributions made in respect of the year, for all schemes, totalled £1.9 million (2024: £1.7 million), including outstanding contributions of £0.2 million (2024: £0.2 million) at the balance sheet date.

Defined contribution pension schemes are operated by the BIT Group for employees (UK and overseas). The assets of the schemes are held separately from those of the BIT Group in independently administered funds. The pension charge represents contributions payable by the BIT Group to the funds and amounted to £0.9 million (2024: £0.9 million). Contributions amounting to £0.1 million (2024: £0.08 million) were payable to the funds and are included in creditors.

8f. Trustee remuneration

None of the Trustees received remuneration for performance of their role as Trustees during the year. Travel expenses of £470 (2024: £nil) were reimbursed to one (2024: nil) trustee (s) during the year.

9. Intangible fixed assets

Group intangible fixed assets

	Goodwill	Computer software	Group total
	£'000	£'000	£'000
Cost			
Opening balance as at 1 April 2024	10,895	-	10,895
Transfer from tangible fixed assets (Note 10)	-	791	791
Additions	-	260	260
Disposals	-	(391)	(391)
Closing balance as at 31 March 2025	10,895	660	11,555
Amortisation and impairment			
Opening balance as at 1 April 2024	4,690	-	4,690
Transfer from tangible fixed assets (Note 10)	-	583	583
Amortisation for the year	1,090	83	1,173
Amortisation on disposals	-	(370)	(370)
Closing balance as at 31 March 2025	5,780	296	6,076
Net book value 2025	5,115	364	5,479
Net book value 2024	6,205	-	6,205

Parent charity intangible fixed assets

	Computer software	Parent charity total
	£'000	£'000
Cost		
Opening balance as at 1 April 2024	-	-
Transfer from tangible fixed assets (Note 10)	490	490
Additions	49	49
Disposals	(352)	(352)
Closing balance as at 31 March 2025	187	187
Amortisation		
Opening balance as at 1 April 2024	-	-
Transfer from tangible fixed assets (Note 10)	366	366
Amortisation for the year	46	46
Amortisation on disposals	(333)	(333)
Closing balance as at 31 March 2025	79	79
Net book value 2025	108	108
Net book value 2024	-	-

10. Tangible fixed assets

Group fixed assets

	Leasehold property and improvements	Plant and machinery	Computer hardware	Computer software	Fixtures and fittings	Group total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
Opening balance	23,493	3,405	2,747	791	1,303	31,739
Transfer to intangible fixed assets (Note 9)	-	-	-	(791)	-	(791)
Additions	4	-	237	-	260	501
Disposals	-	-	(1,371)	-	(552)	(1,923)
	23,497	3,405	1,613	-	1,011	29,526
Depreciation						
Opening balance	1,306	1,899	2,060	583	761	6,609
Transfer to intangible fixed assets (Note 9)	-	-	-	(583)	-	(583)
Charge for the year	207	238	420	-	160	1,025
Disposals	-	-	(1,345)	-	(552)	(1,897)
	1,513	2,137	1,135	-	369	5,154
Net book value 2025	21,984	1,268	478	-	642	24,372
Net book value 2024	22,187	1,506	687	208	542	25,130

Parent charity fixed assets

	Computer hardware	Computer software	Fixtures and fittings	Parent charity total
	£'000	£'000	£'000	£'000
Cost				
Opening balance	2,116	490	1,081	3,687
Transfer to intangible fixed assets (Note 9)	-	(490)	-	(490)
Additions	156	-	253	409
Disposals	(1,092)	-	(552)	(1,644)
	1,180	-	782	1,962
Depreciation				
Opening balance	1,625	366	671	2,662
Transfer to intangible fixed assets (Note 9)	-	(366)	-	(366)
Charge for the year	307	-	127	434
Disposals	(1,090)	-	(552)	(1,642)
	842	-	246	1,088
Net book value 2025	338	-	536	874
Net book value 2024	491	124	410	1,025

11. Investments – Group

		Market/fair value at 1 April 2024	Reclassification of investments previously held as programme-related (Note 12)*	Additions at cost	Maturities, proceeds and disposals at market value	Net gains and losses	Group total market/ fair value at 31 March 2025
Category		£'000	£'000	£'000	£'000	£'000	£'000
Equities and private equity							
Global equities	Quoted	123,773	-	50,002	(34,406)	2,110	141,479
UK small cap	Quoted	33,732	-	291	(35,114)	1,091	-
Emerging markets	Quoted	26,496	-	-	(27,139)	643	-
Infrastructure equity	Unquoted	21,681	-	127	-	380	22,188
Private equity funds	Unquoted	2,710	-	-	(1,320)	(348)	1,042
Total equities and private equity		208,392	-	50,420	(97,979)	3,876	164,709
Fixed income and property							
Multi-asset credit	Unquoted	65,954	-	-	(3)	316	66,267
Asset-backed securities	Unquoted	44,767	-	79,993	(44,999)	(27)	79,734
Private debt (corporate)	Unquoted	10,167	-	7,828	(3,716)	955	15,234
Private debt (infrastructure)	Unquoted	17,525	-	1,398	(1,608)	(33)	17,282
Property	Property	35,177	-	-	(68)	(801)	34,308
Bonds	Quoted	23	-	-	-	(23)	-
Total fixed income and property		173,613	-	89,219	(50,394)	387	212,825
Mixed motive investments							
Investment in early stage companies	Unquoted	16,591	-	260	(21,184)	10,127	5,794
Investment in early stage funds	Unquoted	578	-	-	-	(12)	566
Total mixed motive investments		17,169	-	260	(21,184)	10,115	6,360
Other investments		40	21,140	5,398	-	(322)	26,256
Total investments		399,214	21,140	145,297	(169,557)	14,056	410,150

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

As at 31 March 2025, total cash and investment assets held by The Nesta Trust totalled £418.3 million (2024: £426.4 million). Refer also to the Investment Review on pages 33 to 36 of this report for more detail of the investments.

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

The valuation of the investment property (58 Victoria Embankment) is £42.9 million (2024: £44.8 million). The valuation is reviewed at each year end by an independent qualified property valuer, Gareth Hosgood (MRICS). Property above also includes a fund with a market value of £12.3 million (2024: £12.2 million).

*During the year, management conducted a reassessment of its investment classifications in line with the Charities SORP (FRS 102). Following this review, investments with a value of £21.1 million previously classified as Programme-Related Investments (PRIs) have been reclassified as Financial Investments, as they are no longer held primarily to further the charity's objectives.

This reclassification, effective from 1 April 2024, reflects a refined assessment of the investment purpose and management approach, rather than a correction of a prior-year misstatement. The financial impact is limited to a presentation change, with no impact on valuation methodology.

11. Investments – Group (continued)

Investment assets consist of the following

	Market/fair value at 31 March 2025 £'000	Market/fair value at 31 March 2024 £'000	Percentage of 2025 portfolio %	Percentage of 2024 portfolio %
Equities and private equity	164,709	208,392	40%	52%
Fixed income and property	212,825	173,613	52%	44%
Mixed motive investments	6,360	17,169	2%	4%
Other investments	26,256	40	6%	0%
	410,150	399,214	100%	100%

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

	Group total gain March 2025 £'000	Group total gain March 2024 £'000
Quoted investments	3,821	20,024
Unquoted investments	10,235	36
	14,056	20,060

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

12a Programme-related investments – Group and charity

	Group total value 1 April 2024	Additions	Disposals	Revaluations	Third party loans to entities no longer in the Group*	Inclusion of loans from Nesta to entities no longer in Group**	Reclassification of investments as held for financial return (Note 11)***	Group total value 31 March 2025
Category	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Investment type								
Equity	21,482	17	(55)	(740)	-	-	(19,791)	913
Unsecured loans	8,366	788	(576)	(484)	(6,162)	1,835	(1,349)	2,418
Total	29,848	805	(631)	(1,224)	(6,162)	1,835	(21,140)	3,331

	Parent charity total value 1 April 2024	Additions	Disposals	Revaluations	Parent charity total value 31 March 2025
Category	£'000	£'000	£'000	£'000	£'000
Investment type					
Equity	789	-	(1)	-	788
Unsecured loans	24,627	5,642	(336)	(1,013)	28,920
Total	25,416	5,642	(337)	(1,013)	29,708

*On 1 August 2024, Nesta Arts Impact LLP and Nesta Arts & Culture Impact LLP ceased to be part of the Nesta group and ownership transferred to Figurative. At this point, loans within these entities to third parties were treated as disposals in the accounts, a total of £6.2 million.

** When Nesta Arts Impact LLP and Nesta Arts & Culture Impact LLP left the Nesta group, the loans from Nesta owing to each totalling £1.8 million were then included as investments rather than being eliminated on consolidation. Investments in this case represent investment within the portfolio of each LLP rather than ownership.

***During the year, management conducted a reassessment of its investment classifications in line with the Charities SORP (FRS 102). Following this review, investments with a value of £21.1 million previously classified as Programme-Related Investments (PRIs) have been reclassified as Financial Investments, as they are no longer held primarily to further the charity's objectives.

This reclassification, effective from 1 April 2024, reflects a refined assessment of the investment purpose and management approach, rather than a correction of a prior-year misstatement. The financial impact is limited to a presentation change, with no impact on valuation methodology.

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

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

Organisation name	Country of registration	Class of ownership	Joint venture interest	Year end date	Nature of business	Group share of net assets 2025 £'000	Group share of net assets 2024 £'000
FFN JV Limited	UK	Preference	45%	31-Dec	Investing in technology start-ups		
Share of net assets of joint venture						1,316	879
Goodwill on acquisition of joint venture						1,956	1,873
						3,272	2,752

	Group share of gain in joint venture 2025 £'000	Group share of loss in joint venture 2024 £'000
Share of gain / (loss) of FFN JV Limited	515	(341)
Amortisation of goodwill on acquisition of FFN JV Limited	(495)	(204)
Share of loss in joint venture	20	(545)

	Parent charity total value 1 April 2024 £'000	Additions £'000	Revaluations £'000	Parent charity total value 31 March 2025 £'000
Equity	879	500	-	1,379
Total	879	500	-	1,379

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

12c. Mixed motive investments

	Parent charity total value 1 April 2024 £'000	Additions £'000	Revaluations £'000	Parent charity total value 31 March 2025 £'000
Equity	17,478	-	802	18,280
Total	17,478	-	802	18,280

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

The valuation of BIT has seen an uplift of £0.8 million for the year to 31 March 2025 (impairment of £4.4 million for the year to 31 March 2024). The previous impairment was due to several factors, including staff turnover and challenges in the economic climate. In the year to 31 March 2025, BIT has strengthened its position by being awarded new contracts and is now in a much more robust position.

13. Debtors

	Group 2025 £'000	Parent charity 2025 £'000	Group 2024 £'000	Parent charity 2024 £'000
<i>Amounts falling due within one year:</i>				
Trade debtors	4,368	1,118	4,414	970
Amounts due from subsidiary undertakings	-	1,439	-	737
Accrued income	11,644	9,313	10,950	11,602
Prepayments	1,459	1,636	4,392	1,478
Other debtors	2,608	33	631	105
Deferred tax asset*	639	-	907	-
Total debtors falling due within one year	20,718	13,539	21,294	14,892
<i>Amounts falling due after more than one year:</i>				
Accrued income	619	619	860	860
Other debtors	1,100	-	-	-
Total debtors falling due after more than one year	1,719	619	860	860
Total debtors	22,437	14,158	22,154	15,752

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

Other debtors includes £2.4 million (2024: £nil) receivable in relation to the sale of an investment, of which £1.1 million is due after more than one year.

14. Creditors

	Group 2025 £'000	Parent charity 2025 £'000	Group 2024 £'000	Parent charity 2024 £'000
<i>Amounts falling due within one year:</i>				
Trade creditors	3,078	2,819	1,051	624
Amounts due to subsidiary undertakings	-	27	-	2
Accruals	4,435	5,518	3,008	4,742
Deferred income	3,252	1,271	4,814	1,537
Grant creditors	2,325	2,785	2,234	2,696
Other tax and social security	1,909	591	1,672	1,129
Other creditors	734	462	873	622
Total creditors falling due within one year	15,733	13,473	13,652	11,352
<i>Amounts falling due after more than one year:</i>				
Grant creditors	578	578	1,053	1,053
Other payables, including loans	-	-	9,050	-
Accruals	48	-	18	-
Provisions for liabilities	107	-	125	-
Total creditors falling due after more than one year	733	578	10,246	1,053
Total creditors	16,466	14,051	23,898	12,405

	Group 2025 £'000	Parent charity 2025 £'000	Group 2024 £'000	Parent charity 2024 £'000
<i>Analysis of deferred income</i>				
At 1 April	4,814	1,537	6,223	919
Prior year deferred income released during the year	(4,814)	(1,537)	(6,223)	(919)
Income deferred in the year	3,252	1,271	4,814	1,537
At 31 March	3,252	1,271	4,814	1,537

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

15. Subsidiaries

Organisation name	Country of registration and registered charity/company number	Class of ownership	Parent interest	Nature of business
The Nesta Trust	United Kingdom charity number 1144683	Sole corporate Trustee		A charitable trust that holds investment assets
Nesta Enterprises Limited	United Kingdom company number 08580327	Ordinary	100%	A charitable trading company
Nesta GP Limited	United Kingdom company number 08231985	Ordinary	100%	General partner in the Nesta Impact Investments 1 Limited Partnership Fund
Nesta PRI Limited	United Kingdom company number 08232090	Ordinary	100%	Limited partner in the Nesta Impact Investments 1 Limited Partnership Fund
Nesta Partners Limited	United Kingdom company number 06618114	Ordinary	100%	Partner in Nesta Investment Management LLP and Nesta Arts Impact LLP
Nesta Challenges	United Kingdom company number 14045038	Control - company limited by guarantee	100%	Designs and creates challenge prizes to help solve the world's biggest problems
Nesta Investment Management LLP	United Kingdom company number OC338038	Limited Liability Partnership	100%	Investment manager funds
Nesta US Inc	United States	Sole member	100%	To engage in charitable and educational activities within the meaning of Section 501 (c)(3) of the Internal Revenue Code 1986
Behavioural Insights Limited	United Kingdom company number 08567792	Ordinary	100%	A social purpose consultancy company

Subsidiaries of Behavioural Insights Limited:

Subsidiaries	Country of incorporation	Type of shares held	Proportion held (%)	Nature of business
Behavioural Insights Trustee Company Ltd	United Kingdom	Ordinary	100	Employee benefits
Behavioural Insights (US) Inc.	United States	Ordinary	100	Consultancy
Behavioural Insights (Singapore) Pte Ltd	Singapore	Ordinary	100	Consultancy
Behavioural Insights (Australia) Pty Ltd	Australia	Ordinary	100	Consultancy
Behavioural Insights (Canada) Ltd	Canada	Ordinary	100	Consultancy
Behavioural Insights (France) SAS	France	Ordinary	100	Consultancy
Behavioural Insights (LAC) SAS	Colombia	Ordinary	99	Consultancy
System 2 Ltd	Australia	Sole member		Charity

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

15. Subsidiaries (continued)

The following entities ceased to be members of the Group from 31 July 2024:

Subsidiaries	Country of incorporation	Type of shares held	Proportion held (%)	Nature of business
Nesta Arts Impact LLP (from 15 August 2024, known as "Figurative Arts Impact LLP")	United Kingdom company number OC396102	Limited Liability Partnership	100%	Financial support for arts organisations
Nesta Arts & Culture Impact LLP (from 19 August 2024, known as "Figurative Arts & Culture Impact LLP")	United Kingdom company number OC423779	Limited Liability Partnership	100%	Financial support for arts organisations
Arts & Culture Finance	United Kingdom company number 14818670	Ordinary	100%	Financial support for arts organisations
Arts & Culture Finance Partners Limited	United Kingdom company number 14985355	Ordinary	100%	(Dormant) Financial support for arts and culture organisations

The following group companies were dissolved post year end:

Subsidiaries	Country of incorporation	Type of shares held	Proportion held (%)	Nature of business
Cultural Impact Development Loans Limited (dissolved 27 May 2025)	United Kingdom company number 11388464	Ordinary	100%	Financial support for arts organisations
NII GP2 Limited (dissolved 1 July 2025)	United Kingdom company number 10710378	Ordinary	100%	(Dormant) General partner
NII2 Special Partner LLP (dissolved 5 August 2025)	United Kingdom company number OC416761	Limited Liability Partnership	100%	(Dormant) Special partner

The results of the subsidiary entities consolidated are as follows:

	The Nesta Trust	Nesta Enterprises Limited	Nesta GP Ltd	Nesta PRI Ltd	Cultural Impact Development Loans Limited	Nesta Partners Limited	Behavioural Insights Limited and subsidiaries	Nesta Challenges	Nesta Investment Management LLP	Nesta US Inc	2025 total	2024 total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Profit and Loss for the year ended 31 March 2025												
Income	17,344	88	45	-	223	79	25,803	535	157	-	44,274	41,517
Expenditure	(35,756)	(77)	(45)	-	-	(79)	(25,091)	(535)	(84)	-	(61,667)	(56,274)
Other gains/ (losses)	13,463	-	-	(740)	-	(282)	-	-	(130)	-	12,311	13,629
Partner share/ (loss)/ profit for the year	(4,949)	11	-	(740)	223	(282)	712	-	(57)	-	(5,082)	(1,128)
Assets	424,427	114	8	134	-	26,326	13,311	245	173	-	464,738	472,383
Liabilities	(1,090)	(114)	(8)	(4,168)	-	(23,881)	(6,625)	(245)	(53)	-	(36,184)	(41,221)
Net assets/ (liabilities)	423,337	-	-	(4,034)	-	2,445	6,686	-	120	-	428,554	431,162
Opening net reserves/ (liabilities)	428,286	(11)	-	(3,294)	(223)	2,727	5,974	-	177	-	433,636	432,290
Closing net reserves/ (liabilities)	423,337	-	-	(4,034)	-	2,445	6,686	-	120	-	428,554	431,162

Entities with negative balances have continued support which is approved by the relevant Board committee. No intercompany amounts were written off in the year, and none are repayable within fifteen months of 31 March 2025.

16. Funds

16a. Unrestricted and endowment funds

Group	General funds £'000	Funds retained within non charitable joint ventures £'000	Endowment funds £'000	Total £'000
Balance at 1 April 2024	52,868	(1,503)	411,935	463,300
Net income/ (expenditure) before investment gains	(25,225)	-	14,120	(11,105)
Unrealised (losses)/ gains on investments	(322)	-	14,378	14,056
Share of operating loss in joint venture FFN JV Limited	-	20	-	20
Transfers to restricted funds*	(1,107)	-	-	(1,107)
Transfers from endowment to general funds**	11,335	-	(11,335)	-
Foreign exchange gains	(65)	-	10	(55)
Balance at 31 March 2025	37,484	(1,483)	429,108	465,109

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

** The expendable endowment fund relates to the funds of the Trust. These funds are held without distinction as to capital and income and can be applied in furtherance of the objects of the Trust. The Trust makes an annual transfer to Nesta to deliver its charitable aims as detailed in the reserves policy. The difference between endowment funds and The Nesta Trust reverses as at 31 March 2025 is the cumulative unrealised gain adjustments in the Group accounts relating to 58 Victoria Embankment (see Note 11).

Parent charity	General funds £'000	Total £'000
Balance at 1 April 2024	39,370	39,370
Net income/ (expenditure) before investment gains	5,327	5,327
Unrealised (losses)/ gains on investments	802	802
Transfers to restricted funds (* as above)	(1,107)	(1,107)
Balance at 31 March 2025	44,392	44,392

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

Funder	Programme	Balance 1 April 2024 £'000	Income £'000	Expenditure £'000	Transfer from/ (to) general fund £'000	Balance 31 March 2025 £'000
Alan Davidson Foundation	Longitude Prize on ALS	-	1,500	(279)	279	1,500
Alfred P. Sloan Foundation	Sloan Research Network	-	680	(56)	(67)	557
Alzheimer's Society	Longitude Prize on Dementia	2,500	-	(1,922)	432	1,010
Argidius Foundation	iNNpulsA Evidence Generation and Use Accelerator	-	203	(5)	(58)	140
DBT (Department for Business and Trade)	Innovation Growth Lab	67	-	(27)	-	40
DBT (Department for Business and Trade)	Smart Data – Phase 1 (Discovery)	780	-	(263)	263	780
DSIT (Department for Science, Innovation and Technology)	Manchester Prize	1,900	-	(2,034)	428	294
Elrha	Community Crisis Intelligence (CCI) 3.0	-	408	(344)	(64)	-
Ethos Foundation	A New Era of Integrated Family Support	-	80	(62)	(18)	-
European Climate Foundation	ECF: Energy Sector and NZ Acceptability	270	-	(262)	-	8
European Commission	EURITO	73	-	(54)	(19)	-
European Commission	HACID – human and artificial collective intelligence for decision making	259	-	(150)	(50)	59
European Commission	Impetus	153	-	(66)	(13)	74
Food Standards Scotland	OOH Calorie Sampling Project	-	50	(50)	-	-
Foreign, Commonwealth & Development Office	woProject	-	147	-	-	147
Future of Life Institute	Future of Life AI SRAL	-	363	(21)	(64)	278
Gates Foundation	Behavioural Interventions for Aspirational Blocks	-	925	(439)	-	486
Government of Canada	Afri-Plastics Challenge	500	(51)	(50)	50	449
GSCC	Phase 3 – Developing a Website to Encourage Heat Pump Adoption	-	28	(79)	51	-
Innovate UK (UKRI)	Innovation Growth Lab	54	39	(66)	-	27
Innovate UK (UKRI)	Legacy Evaluations (UKRI)	-	162	(66)	(11)	85
Innovate UK (UKRI)	Longitude	5,000	-	(5,000)	-	-
Innovate UK (UKRI)	Unlocking Innovative Potential: Experimentation Fund	-	214	(95)	1	120
LifeArc	Newborn Survival Prize – LifeArc	-	202	(63)	(17)	122
Nuffield Foundation	Revealing Social Capital	13	-	(50)	63	26
Open Philanthropy Action Fund	Innovation Growth Lab	-	1,059	-	-	1,059
UCL (University College London)	CAPE – Capabilities in Academic Policy Engagement	60	(60)	-	-	-
UK Research and Innovation (UKRI)	UKRI Open Access Block Grant	36	(35)	(333)	332	-
UK Space Agency	UKSA – Aqua Lunar Water Challenge	1,326	-	(1,248)	(78)	-
University of Oxford	Salient food trials (Delivery Phase)	558	-	(323)	-	235
USAID	Mombasa Plastics Prize Phase II	142	-	(102)	(40)	-
Van Leer Foundation	Good Start Challenge	-	1,208	(148)	(192)	868
Welsh European Funding Office (WEFO)	Y Lab – WEFO Skills and Capacity Building	505	(450)	(12)	(43)	-
All < £50k		360	14	(228)	(58)	88
		14,556	6,686	(13,897)	1,107	8,452

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

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

17. Analysis of net assets between funds

Group

	Unrestricted funds 2025 £'000	Restricted funds 2025 £'000	Expendable endowment 2025 £'000	Group total funds 2025 £'000
Fund balances are represented by:				
Intangible assets	5,479	-	-	5,479
Tangible fixed assets	1,120	-	23,252	24,372
Investment assets	6,603	-	410,150	416,753
Current and long-term assets	34,971	8,452	-	43,423
Current and long-term liabilities	(12,172)	-	(4,294)	(16,466)
Total	36,001	8,452	429,108	473,561

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

Parent charity

	Unrestricted funds 2025 £'000	Restricted funds 2025 £'000	Expendable endowment 2025 £'000	Parent charity total funds 2025 £'000
Fund balances are represented by:				
Intangible assets	108	-	-	108
Tangible fixed assets	874	-	-	874
Investment assets	49,367	-	-	49,367
Current and long-term assets	8,094	8,452	-	16,546
Current and long-term liabilities	(14,051)	-	-	(14,051)
Total	44,392	8,452	-	52,844

	Unrestricted funds 2024 £'000	Restricted funds 2024 £'000	Expendable endowment 2024 £'000	Parent charity total funds 2024 £'000
Fund balances are represented by:				
Intangible assets	-	-	-	-
Tangible fixed assets	1,025	-	-	1,025
Investment assets	43,773	-	-	43,773
Current and long-term assets	6,977	14,556	-	21,533
Current and long-term liabilities	(12,405)	-	-	(12,405)
Total	39,370	14,556	-	53,926

18. Summary consolidated income and expenditure account

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

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

	Group 2025 £'000	Group 2024 £'000
Gross income:		
Income	15,508	16,221
Income of non-charitable subsidiaries	24,960	22,343
	40,468	38,564
Gross expenditure:		
Expenditure	71,028	62,626
Depreciation of fixed assets	1,025	1,131
Amortisation of intangible assets	1,173	1,090
	73,226	64,847
Transfers between funds	11,335	29,639
Share of profit/(loss) in joint ventures	20	(545)
Foreign exchange gains	(65)	(65)
Net movement in funds for the year, excluding endowment funds	(21,468)	2,746

Reconciliation to consolidated statement of financial activities		
Net movement in funds for the year, excluding endowment funds	(21,468)	2,746
Movement on endowment funds	17,173	3,387
Net movement in funds for the year	(4,295)	6,133

19. Commitments

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

	Group total at 1 April 2024 £'000	Additions £'000	De-committed £'000	Contracted £'000	Group total at 31 March 2025 £'000	Funded from
Investments, loans, contributions to funds:						
Investment funds	28,666	-	-	(4,098)	24,568	Endowment fund
Programme-related investments	5,132	-	-	(462)	4,670	General fund
Total	33,798	-	-	(4,560)	29,238	

Commitments made to investment funds are expected to be largely drawn by June 2027.

Commitments made to Nesta for mission aligned investment and exceptional (i.e. not in the ordinary course of business) spending initiatives are expected to be largely drawn by March 2028.

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

20. Operating lease commitments

At 31 March 2025 the Group was committed to total payments during the next year in respect of operating leases which are due within the following periods.

	Group 2025 £'000	Group 2024 £'000
Due within one year	243	321
Due within two to five years	155	1,410
Due in more than five years	-	-
Total	398	1,731

At 31 March 2025 the Nesta parent charity had entered into agreements with three organisations, with one under license and two to lease part of 58 Victoria Embankment. One organisation occupying two floors has within the year negotiated early release from the lease to one floor, resulting in a reduction in future rental income receipts from that anticipated previously.

The rental payments due to the parent charity are:

	Parent charity 2025 £'000	Parent charity 2024 £'000
Buildings – 58 Victoria Embankment		
Due within one year	1,230	1,517
Due within two to five years	2,754	4,449
Due in more than five years	730	1,163
Total	4,714	7,129

21. Related party transactions

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

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

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

Entity	Connection	Opening net debtor/ (creditor) £'000	Receivable/ (payable) by charity £'000	Cash paid by/ (received by) charity £'000	Closing net (creditor)/ debtor £'000	Notes – main transactions in the year
The Nesta Trust	Subsidiary undertaking	-	(3,305,445)	3,303,564	(1,881)	Nesta drew down £22.4 million (2024: £21.3 million) from the Trust to fund operational activities. Nesta drew down £9.8 million (2024: £8.1 million) from the Trust to fund investment and exceptional spending initiatives. Nesta drew down £3.0 million (2024: £nil) from the Trust to part fund the Longitude Prize on Antimicrobial Resistance. Nesta drew down £0.2 million (2024: £0.25 million) from the Trust to fund other activities. Nesta paid the Trust £0.4m (2024: £0.2 million) in relation to realisations of investments the Trust historically funded. Nesta was invoiced £2,891,000 (2024: £2,891,000) for rent. The amount recognised in the statement of financial activities differs due to the accounting adjustment for the rent-free period, with rental income of £2,505,535 (2024: £2,505,535) recognised in the year. The Trust contributed £169,251 (2024: £112,692) to Nesta towards Nesta staff time spent on the administration of the Trust.
Nesta Enterprises Limited	Subsidiary undertaking	53,491	105,265	(65,081)	93,675	Nesta Enterprises Limited was recharged £55,631 (2024: £45,075) by Nesta for funds spent on their behalf, and gift aided its profits of £53,454 (2024: £nil) to Nesta.
Cultural Impact Development Loans Limited	Subsidiary undertaking	5,394	(36,280)	30,886	-	Nesta charged Cultural Impact Development Loans Limited management fees totalling £6,706 (2024: £9,603).
Nesta Investment Management LLP	Subsidiary undertaking	126,608	49,407	(46,945)	129,070	Nesta received distributions from Nesta Investment Management LLP of £56,940 (2024: £111,145) for prior year profit and an interim distributions of £75,000 (2024: £400,000) against this year's profit.
Nesta Partners Limited	Subsidiary undertaking	10,088	(133,009)	8,645	(114,276)	Nesta Partners Limited gift aided its profits to Nesta of £35,204 (2024: £42,250).
Behavioural Insights Limited	Subsidiary undertaking	309,318	773,985	(501,403)	581,900	Behavioural Insights Limited received income from Nesta for staff secondments of £145,604 (2024: £475,907), and other fees totalling £487,169 (2024: £411,349), and paid Nesta £1,166,941 (2024: £613,999) for recharges and consultancy services. Behavioural Insights Limited is part of the Nesta VAT group and at 31 March 2025 owed Nesta £3514,331 (2024: £407,055) relating to this. Behavioural Insights Limited paid rent and service charge to Nesta of £556,751 (2024: £466,551).
Nesta Challenges	Subsidiary undertaking	43,481	416,037	(228,223)	231,295	Nesta Challenges gift aided its profits to Nesta of £320,480 (2024: £600,144).
Nesta Arts Impact LLP	Subsidiary undertaking until 31 July 2024	6,873	5,360	(12,233)	-	Nesta charged Nesta Arts Impact LLP loan interest totalling £15,707 (2024: £18,049). Nesta charged Nesta Arts Impact LLP management fees totalling £6,960 (2024: £28,144).
Nesta Arts & Culture Impact LLP	Subsidiary undertaking until 31 July 2024	(2,462)	112,967	(133,663)	(23,158)	Nesta charged Nesta Arts & Culture Impact LLP loan interest totalling £37,252 (2024: £10,496).

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

22. Comparative consolidated statement of financial activities

	Unrestricted funds 2024 Restated £'000	Restricted funds 2024 Restated £'000	Expendable endowment 2024 Restated £'000	Total funds 2024 Restated £'000
Income from:				
Investment income	366	-	13,848	14,214
Charitable activities	3,649	9,629	-	13,278
Other trading activities	24,761	-	-	24,761
Other income	159	-	-	159
Total income	28,935	9,629	13,848	52,412
Total Group income	28,935	9,629	13,848	52,412
Expenditure on:				
Raising funds				
Trading activities	23,193	-	-	23,193
Investment management costs	56	-	412	468
Total expenditure on raising funds	23,249	-	412	23,661
Charitable activities				
A fairer start	3,003	-	34	3,037
A healthy life	2,826	473	37	3,336
A sustainable future	2,750	-	31	2,781
Central programmes and devolved nations	3,385	-	38	3,423
Committed programme delivery	4,292	793	57	5,142
Enterprises	5,651	6,973	141	12,765
Investments in furtherance of the charity's objectives	6,161	-	69	6,230
Practices	4,610	683	59	5,352
Total expenditure on charitable activities	32,678	8,922	466	42,066
Total expenditure	55,927	8,922	878	65,727
Net (expenditure)/income before investment gains	(26,992)	707	12,970	(13,315)
Net gains/ (losses) on Investments for financial return	-	-	20,058	20,058
Net (expenditure)/income	(26,992)	707	33,028	6,743
Share of (losses) in joint venture	(545)	-	-	(545)
Transfers between funds	28,283	1,356	(29,639)	-
Net income/(expenditure) before other recognised (losses)/ gains	746	2,063	3,389	6,198
Other recognised (losses)/ gains				
Foreign exchange (losses)/ gains	(63)	-	(2)	(65)
Net movement in funds for the year	683	2,063	3,387	6,133
Reconciliation of funds				
Total funds brought forward	50,682	12,493	408,548	471,723
Total funds carried forward	51,365	14,556	411,935	477,856

Last year's categories have been restated here so they can be easily compared with the updated categories for the year end 31 March 2025. Total income and expenditure for 2024 has not changed.

23. Comparative funds

23a. Comparative unrestricted funds

	General funds 2024 £'000	Funds retained within non charitable joint ventures 2024 £'000	Endowment funds 2024 £'000	Total 2024 £'000
Balance at 1 April 2023	51,640	(958)	408,548	459,230
Net income/ (expenditure) before investment gains	(26,992)	-	12,970	(14,022)
Unrealised gains on investments	-	-	20,058	20,058
Share of operating loss in joint venture FFN JV Limited	-	(545)	-	(545)
Transfers to restricted funds*	(1,356)	-	-	(1,356)
Transfers from endowment to general funds**	29,639	-	(29,639)	-
Foreign exchange gains	(63)	-	-	(65)
Balance at 31 March 2024	52,868	(1,503)	411,935	463,300

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

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

23. Comparative funds (continued)

23b. Comparative restricted funds

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

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

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

8. Reference and administrative details

Trustees and Main Board Committee Members

Trustees

Ed Richards (Chair)

Sarah Hunter

Jeremy King Catherine Brien

Richard Lloyd-Owen
(appointed 20 May 2024)

Richard Harrington

Seun Akindele
(resigned 25 November 2025)

Ian Gomes
(resigned 30 April 2024)

Helena Vinnicombe
(appointed 9 September 2024)

Jane Thompson
(appointed 1 October 2024)

Judith Gibbons
(resigned 8 May 2025)

Heider Ridha
(resigned 24 May 2024)

Liz Ditchburn
(resigned on 30 September 2025)

Audit and Risk Committee

Richard Lloyd-Owen (Chair)

Liz Ditchburn

Helena Vinnicombe

James Sinclair-Taylor
(Governance Advisor)

Trust Investment Committee

Helena Vinnicombe (Chair)

Richard Lloyd-Owen

Sarah Hunter

James Sinclair-Taylor
(Governance Advisor)

Aidan Kearney
(Independent advisor)

David Renton
(Independent advisor)

People Committee

Judith Gibbons (Chair)

Catherine Brien

Seun Akindele

Quarterly Investment Committee

Jeremy King (Chair)

Richard Harrington

Jane Thompson

Damien Lane
(Committee member)

Chris Allner
(Committee member)

Challenge Prizes

Catherine Brien (Chair)

Seun Akindele

Andrew Clarke
(Committee member)

Missions (non-Board)

Ravi Gurumurthy (Chair)

Ed Richards

Jeremy King

Jane Thompson

Sarah Hunter

Catherine Brien (optional)

Seun Akindele (optional)

Governance advisor of The Nesta Trust

James Sinclair Taylor

Executive Team

Ravi Gurumurthy	Group Chief Executive
Emily Bushby (until 6 August 2025)	Deputy Chief Executive
Matthew Seden (from 1 September 2025)	Deputy Chief Executive
Matthew Seden (until 31 August 2025)	Chief Strategy Officer
Lisa Barclay (until 31 March 2025)	Executive Director of Investments
Elsbeth Kirkman	Chief Programme Officer
Jacqueline Lewis	Group General Counsel & Company Secretary
Ann Paul	Group Chief People Officer
Ella White	Group Executive Director of Communications
James Plunkett (until 31 December 2024)	Chief Practices Officer
Mallory Durran (from 25 June 2025)	Applied Research & Innovation Director

Administrative details of the charity

Registered name	Nesta (changed from 'Nesta Operating Company' on 22 July 2013)
Companies House registered number	07706036 (registered 15 July 2011)
Charity Commission registered number	1144091 (registered 30 September 2011)
Office of the Scottish Charity Regulator registered number	SC042833 (registered 30 December 2011)
Registered Office	58 Victoria Embankment, London EC4Y 0DS
Independent Auditor	RSM UK Audit LLP, 25 Farringdon Street. London, EC4A 4AB United Kingdom
Principal Bankers	Lloyds Bank plc, 25 Gresham Street, London, EC2V 7HN
Nesta Trust Investment Advisors	Momentum Global Investment Management, 3rd Floor, 3 More London Riverside, London, SE1 2AQ

58 Victoria Embankment
London EC4Y 0DS

+44 (0)20 7438 2500

information@nesta.org.uk

 [nesta.uk](https://www.facebook.com/nesta.uk)

www.nesta.org.uk

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

