Annual report and financial statements

For the period ended 31 December 2022

Youth Futures Foundation Limited
A company limited by guarantee
Registered number: 11814131

Contents

Company information

Directors
L Aird (from May 2022)
R C M Busby
J C Cleverdon
J Davis (to March 2022)
C L Easterbrook
J E Evans (from April 2022)
G Greaves (from May 2022)
A G Hawkhead (to August 2022)
K Murali
A Morawski (to March 2022)
J Montgomery (appointed 11 March 2019, resigned 31 January 2022)
J E North
O O Obakin (from September 2022)
L-J Rawlings
S A Woolley

Company Secretary
J Endean (to July 2022)
L M Malcolm (from July 2022)

Registered Number
11814131

Registered Office
Tintagel House
92 Albert Embankment
London SE1 7TY

Independent Auditors
Price Bailey LLP
Chartered Accountants & Statutory Auditors
3rd Floor, 24 Old Bond St
Mayfair
London W1S 4AP

Bankers
Natwest
Islington Angel (A) Branch
11 Upper Street
London N1 0PQ

Introduction from our Chair

With a slow growth economy likely in 2023, our core mission of supporting young people facing the greatest challenges into employment remains as critical as ever.

Youth Futures achieved a huge amount in 2022. We focused on changing the system so that young people facing disadvantage are supported into good quality jobs. We launched our first place-based approach to systems change, commissioned research into what works to recruit young people and ramped up our face-to-face engagement with stakeholders.

In early 2022, as we emerged from the pandemic, there were encouraging signs of economic growth, with employers struggling to fill the surge in vacancies. Despite this, the recovery was not felt equally. Young people facing disadvantages still encountered the biggest challenges, including an increase in mental ill health and long-term unemployment.

This was worsened by the cost-of-living crisis, which deepened existing disparities for the most vulnerable. Unemployment and NEET levels have both increased, while the number of young people in employment has remained lower than pre-pandemic.

Systems change

The UK youth employment system is fragmented with multiple agencies delivering services, making it difficult for young people to navigate them. When young people told us what they want from employment support, they talked about changes to the whole system. Here's how we addressed some systemic challenges in 2022:

- We launched our flagship national place-based programme, Connected Futures, with seven areas receiving Phase 1 funding.
- We commissioned a rapid evidence review, data analysis and a survey of over 2,200 young people from ethnic minority backgrounds.
- We launched a new youth participation initiative with the Department for Work & Pensions and Department for Education called "Your Voice, Your Say, Your Future", in partnership with Youth Employment UK.

Building capacity

We work with Infrastructure organisations that have a long-standing, intermediary role in supporting young people from marginalised backgrounds into employment. Enhancing the capacity of frontline charities and social enterprises, and the practitioners delivering their programmes to deliver effectively for young people is crucial. Here's how we made progress:

- We highlighted a potential £38bn dividend to the economy for improving NEET outcomes by co-producing a report with PwC on the Youth Employment Index
- We gained official What Works Centre status, becoming the 10th member of the government's What Works Network
- We announced a further £1.73m programme grant funding to nine diverse infrastructure organisations to build the evidence base with their members and networks delivering youth employment support

Creating opportunities

Employers are central to the youth employment ecosystem: they create and develop opportunities within the youth labour market. In 2022 we collaborated with employers and young people, including:

- Completing two Rapid Evidence Assessments setting out the international evidence base on what works in 1) recruiting and 2) retaining disadvantaged young people in the workplace
- Sponsoring and attending a ground-breaking new event, Anthropy, and joining panels focused on employer practice
- Holding three successful meetings with our Employer Advisory Board, who examined our research and initiatives, and provided invaluable insights

Organisational health

Our ability to deliver our objectives depends on our dedicated team, supportive systems and stable finances. As we transitioned into our third year, we made positive steps towards securing a stronger foundation for Youth Futures including:

- Being awarded £20m additional Dormant Assets funding (taking our total to £110m)
- Appointing three new young Non-Executive Directors to help to steer and shape our work whilst ensuring that lived experience is represented throughout our governance
- Making key staff appointments, including a permanent CEO

Youth voice

Youth voice is central to Youth Futures' work. This year, our activity gathered pace as we entered the second year with our pilot Future Voices Group (FVG) cohort including:

- Establishing three Youth Reference Groups to support our research activities
- Recruiting a new, larger cohort of FVG for the coming two years
- Ensuring young people were at the heart of our flagship events

As we move into 2023 and navigate continued economic uncertainty, we face a pivotal time for the youth labour market.

As 2023 is our fourth full year of operation, the nature of our activities will change as the first wave of grants and evaluations end or evolve, and a new set of programmes are developed that build on the last three years' insights. Our strategic focus will be on using evidence to mend a fragmented system, influencing how employment and training services are delivered and ramping up activity to improve employer recruitment and retention of young people.

Working with our partners and stakeholders, we're determined to drive long-term systemic change so that young people from marginalised backgrounds achieve their full potential.

Oluseyi Obakin (Chair)

Strategic report

For the year ended 31 December 2022

Objectives and strategy

The directors present their report and the audited financial statements for the period ended 31 December 2022.

Legal status

Youth Futures Foundation is an independent, not-for-profit organisation incorporated in February 2019 to improve employment outcomes for young people who face disadvantage or discrimination in the labour market. It is considered a Public Benefit Entity under FRS102. The Foundation launched with an initial allocation by DCMS of £90 million dormant assets funding (supplemented with an additional £20m, awarded in February 2022), for use in England. Our sole member is The Oversight Trust, whose role is to ensure we are properly governed and remain true to our social mission. However, the Board has full strategic and operational independence.

Our strategy

Our vision

A society where all young people have equal access to good-quality jobs. This includes:

- Equal employment outcomes for young people who face discrimination or disadvantage
- Fewer young people outside the labour market or in insecure work
- Improved progression pathways for young people

Our mission

To narrow the employment gap by identifying what works and why, investing in evidence generation and innovation, and igniting new ideas that change behaviour and practice.

Our strategic approach

We are an ambitious organisation that takes a systemic approach to supporting young people from marginalised backgrounds to move into good-quality jobs. From 2023–25 we are focusing on four strategic priorities:

1 **Building capacity** – Influence the commissioning and delivery of youth employment and training services to be routinely based on evidence of what works.

2 **Systems change** – Use evidence, learning and practice, driven by young people, to mend a fragmented system and influence place-based policy.

3 **Creating opportunities** – Develop evidence-based and practical business cases for employer behaviour change, based on best practice in recruiting and retaining young people from marginalised backgrounds, scaling up that learning to target places, expanded networks and key partnerships.

4 **Organisational health** – Deliver a strong foundation for Youth Futures, based on a well-resourced, positive and financially stable environment in which our people thrive, risk is effectively managed and we deliver our mission.

Companies Act 2006 Section 172(1) Statement

Section 172 of the Companies Act 2006 requires a director of a company to act in the way he or she considers, in good faith, would most likely promote the success of the company for the benefit of its members as a whole. In doing this Section 172 requires directors to have regard to, amongst other matters, the:

- likely consequences of any decisions in the long-term
- interests of the company's employees
- need to foster the company's business relationships with suppliers, customers and others
- impact of the company's operations on the community and environment
- desirability of the company maintaining a reputation for high standards of business conduct
- need to act fairly as between members of the company

Although we are not required to make a section 172 disclosure, as a Public Benefit Entity operating in a sector with a complex stakeholder map, we believe a section 172 statement is useful in explaining how we operate.

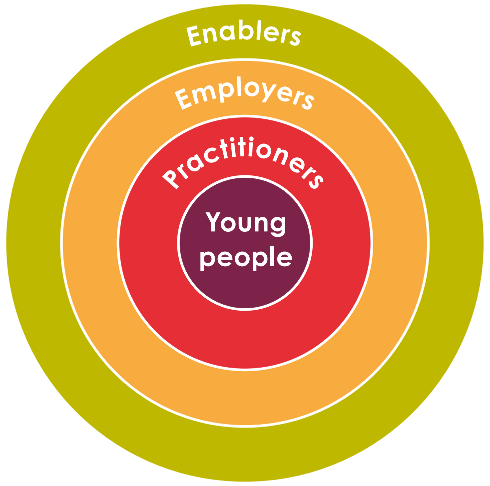
In discharging our section 172 duties we have regard to the factors set out above. We also have regard to other factors which we consider relevant to the decisions being made. Those factors, for example, include the interests and views of young people, employers, practitioners and enablers in the youth employment sector and the Oversight Trust. We acknowledge that every decision we make will not necessarily result in a positive outcome for all of our stakeholders. In regard to our purpose, vision and values, together with our strategic priorities and a robust process for decision- making, we aim to ensure that our decisions are consistent and predictable.

Examples of our consideration for the matters set out in section 172(1)(a) – (f) when making decisions are outlined in the following table.

Board Activity	Board Consideration
Financial and operational performance	The Company has a financial plan approved by the Board as part of the annual cycle of strategic and financial planning to ensure the sufficiency of funds for the immediate and its longer-term goals. The Board regularly reviews the operational capacity and long-term viability of the Company, ensuring that future liabilities could be met whilst also satisfying itself that funds are being deployed rapidly to support the youth employment sector.
Strategy	The Company has an agreed vision and mission statement and a strategy as set out in the Strategic Report. Having a mission and strategy explicitly focused on helping young people into training or employment, the directors ensure that all key decisions are geared towards the success of the Company. The Board regularly reviews progress against key milestones in the strategic plan and takes appropriate actions to ensure that the long-term objectives of the Company are achievable.
People	The Board receives regular updates from the People and Culture Committee on the work undertaken to ensure our people are properly supported and rewarded, with the Board approving the overall reward strategy.
Governance	The Board's governance arrangements have been built to ensure the perspectives of several different stakeholder groups are automatically considered. Board members are appointed not just for their professional skills and experience, but also considering their knowledge of different relevant stakeholder groups. The Board ensures the voices of young people are considered in all key aspects of the Company's activities by having at least two board members who are young people and receiving regular reports on youth participation at Youth Futures. In addition, two of the Board's committees have additional members appointed who are not directors and bring specialist knowledge and broader experience to important company decisions. During the year, the Board received reports on the regular meetings between the Oversight Trust and the Chair.

Our stakeholders

The youth employment landscape is complex but can be broadly divided into four key stakeholder groups:



1 Young People

2 Practioners

Education providers, training providers, charities, social enterprises, Job Centre Plus

- Direct support and opportunities for young people moving towards or into work

3 Employers

Corporates, small and medium sized businesses public sector, charities, social enterprises

- Training and employment opportunities
- Standard setting
- Professional development

4 Enablers

Government, funders, commissioners, think tanks, research bodies, infrastructure organisations

- Capacity building
- Grants and investment
- Advice and information
- Evaluation
- Policy setting

Information about the key stakeholders in the youth employment sector and examples of our engagement activities are presented below. We value the importance of strong relationships with all our stakeholders, understanding their needs and reflecting these in how we deliver our activities.

Young people

Following the principle of "nothing about us without us", youth voice is woven throughout every element of our work. Young people from marginalised backgrounds with lived experience of facing barriers to employment help shape our strategy and lead our mission.

Highlights of how we have put young people at the heart of our work this year include:

- Extending the number of young Non-Executive Directors on our Board from two to three by recruiting three new young Directors to replace the two whose tenure ended during the year
- Recruiting a second, expanded cohort of the Future Voices Group (FVG), building on the success of the pilot programme by recruiting another 20 young people from across the country to act as strategic advisors across our work
- Sharing 12 pieces of content on Future Voices Digital, publicising young peoples' stories and perspectives on a range of complex topics relating to youth employment
- Enhancing the role of young people in our research activities, through the recruitment of eight young people to our ethnic disparities sub-group and five young people to advise on our Youth Employment Toolkit
- Placing youth participation at the heart of our Connected Futures programme, with the FVG reviewing our long-listed applications and all funded places committing to at least giving young people a stake in decision-making in their work

Employees

The young people we aim to serve – and the challenges they face – are all unique. We have recruited a team of individuals with a range of life experiences and views that reflect this diversity. Our commitment to inclusion across all protected characteristics, experiences and socioeconomic backgrounds is at the heart of everything we do.

We value the input of our staff in the development of our plans and consulted fully with our employees in developing our mission, objectives and values. In addition, colleagues have been involved in developing our annual business plan, which cascades down to individual objectives and priorities.

We make full use of digital collaboration tools to ensure effective communication and team working in our hybrid and flexible working patterns. Regular face-to-face meetings (online and in-person) are held with the whole team to ensure effective communication with all employees.

In 2022, we conducted focus groups and consultations, followed by timely actions to address the findings from the activities. Progress against the action plan was monitored regularly and with full input from staff. Our employee-led Equity, Diversity & Inclusion (EDI) committee continued to define and lead our work in this area.

Engagement with others

Throughout the year, we engaged regularly with all stakeholder groups. The breadth of engagement across our stakeholder groups informed our decisions on strategy, programme and approach to government.

We will continue to develop our relationships with young people, employers, practitioners and enablers in the coming years to deepen our understanding of the youth employment landscape and track our progress. We will work collaboratively to co-create solutions to support young people who face discrimination or disadvantage.

In addition to our youth employment stakeholders and our employees, we maintain ongoing strong professional relationships with other stakeholders including trade suppliers and professional advisers, several of whom have worked with us since our inception.

Stakeholder Survey

Our annual Stakeholder Perception Survey is designed to track progress and benchmark our reputation with our stakeholders and to inform our business planning. The latest survey was compiled in November 2022.

Key messages we have drawn from the findings:

We continue to be seen as a credible and trustworthy source of knowledge and insight as a What Works organisation.

Employers' knowledge and understanding of who we are and what we do (and its relevance to them), alongside the usefulness of our research and resources, are positively increasing over time – showing growing support and opportunity for us to build on our existing employer activity.

We see increased awareness from respondents of who we are, what we do and the young people we are focused on (those from marginalised backgrounds, and a key lens focused on those from minoritised ethnic backgrounds), suggesting perhaps that our various outputs (across evidence, research, engagement and youth participation) and clearer messaging seem to be landing well.

At least half of respondents view us as active on addressing regional disparities, suggesting the messaging around our Connected Futures Fund has traction. This is a new question for 2022, so we do not have a like-for-like comparator from 2021. We are planning on building upon this baseline with the development of the communications and engagement strategy for Connected Futures.

We continue to see a minority of respondents who share negative perceptions of us who are predominantly those who were unsuccessful in securing funding from us. As we continue towards being more focused and direct in our funding approach, we acknowledge this will come with increased negative perceptions from a minority who view us as a resilience/broader funder. Where we can apply learnings from feedback, we are already doing so (such as in the expansion of Connected Futures, where we are ensuring funding is available for organisations to use in applying to us with a much longer application window).

On several measures, we have improved perceptions and engagement from both Enablers and Employers – likely reflecting the increased outputs we disseminated in 2022. **However, Practitioners were the least likely to show improvements compared to 2021**, and in some cases perceptions or engagement had declined slightly. This may reflect that in 2021 our funding availability was more widespread, and we had launched tools such as the Evidence & Gap Map close to the survey publication.

Performance

Our main achievements in 2022 are outlined below. More detail on these activities, including case studies, can be found in our Impact Report, available on our website.

2022 in numbers

- Cumulative total of £25m awarded to 162 grantees
- £20m additional Dormant Assets funding awarded
- Cumulative total of 19,710 young people reached
- Cumulative total of £7.5m match funding secured
- 1 Youth Employment Evidence and Gap Map updated
- 13 organisations recruited to our Employer Advisory Board
- 2,200 Black, Asian and minority ethnic young people surveyed on their experiences of learning and employment
- 4 policy papers produced
- 3 parliamentary mentions in the House of Lords related to the Dormant Assets Bill recognising the impact of our work
- 3 Government submissions by Youth Futures
- 16 research and evaluation papers produced
- 12 pieces of content developed by our Future Voices Group
- 18 new grantees supported
- 2 new grant schemes launched (Connected Futures and place-based programmes)
- 2 large policy and engagement events, including our first parliamentary event
- Cumulative total of £4.9m committed to the largest ever range of youth employment evaluations in England through our What Works programme
- On our Infrastructure grant programme, 38% of organisations are led by an ethnic minority CEO or MD
- We partnered with the Chartered Institute of Personnel and Development (CIPD) to publish an evidence review aimed at employers, reaching their network of 250,000 HR professionals.

Financial results

The company generated a surplus of £NIL (2021: £NIL) which is also the total comprehensive income for the period. This is after accounting for £9.9m (2021: £11.7m) of grant income released from deferred dormant assets grant income to partly offset the total expenditure for the year. Operating expenditure was funded in part by £587k (2020: £267) net interest received from short-term bank deposits.

Total grant expenditure in the year was £6.7m (2021: £9.1m) being the funding commitment to grantees and other partners delivering on our Development & Impact and Capacity Building programmes. The £410k (2021: £492k) spent on other programme activities comprises: £63k (2021: £81k) on outsourced grant making operations, £120k (2021: £254k) on research and feasibility studies, and £226k (2021: £156k) on engagement and policy development.

The employee monthly average FTE increased from 29 to 40 and total expenditure in the year was £2.4m (2021: £1.6m). Office and other operating costs increased in line with the planned growth in business activity.

Corporation tax was £112k (2021: £51), payable on the interest received on bank deposits which was a substantial increase on the previous year because of the rising interest rates in the period.

Cash flows and liquidity

Net cash inflow from operating activities was £2.7m (2021: £10.3m outflow) including £12.6m drawdown from dormant asset grants and outflow of £9.9m. The total drawdown from dormant assets to date is £68.4 million of which £36.1 million has been spent. There is a further drawdown of £41.6m available from the £110 million allocation of dormant assets funding to date

Reserves

The Company has accumulated reserves of £Nil (2021: £Nil) and cash balances of £44.7 million (2021: £41.4m). These cash balances can be drawn upon as needed to fund our programme and other operating costs commitments.

Future developments

Our plans for 2023

We aim to ensure that future generations have access to fulfilling work, no matter what their background. We hope to do this by identifying and sharing knowledge, providing a bridge between employers and practitioners, and influencing decision-makers.

We have identified four priority areas for 2023. These initiatives support our mission and will be the foundation from which we will collaborate with others, gain credibility and expertise, and influence behaviour:

1. Continue building on and sharing our growing systems change expertise
We will extend our flagship Connected Futures programme to new places that have regional and ethnic disparities in youth employment. This includes Greater Manchester, Yorkshire and West Midlands.

By using evidence learning and practice, driven by young people, we aim to mend a fragmented system and influence place-based policy. We will ramp up our stakeholder engagement to build a shared understanding of how to tackle disparities by improving awareness of how the youth employment system impacts young people.

2. Building capacity by creating tools to change behaviour based on our growing set of evidence
We aim to influence the commissioning and delivery of youth employment and training services so that they are based on evidence of what works.

To achieve this in 2023, we will launch our Youth Employment Toolkit, a free and accessible online resource to support evidence-based policy and practice to improve youth employment outcomes. In a user-friendly format, it will summarise evidence along with practical guidance on how to use different kinds of interventions including:

- subsidies to employers
- apprenticeships
- short ‘on the job’ training
- ‘off the job’ vocational training
- basic skills development
- ‘life skills’ development
- mentoring and coaching

Alongside the Toolkit, we will launch our online Data Dashboard that will provide the latest youth labour market data analysis, insight on local funding flows, job markets and more.

3. Creating opportunities by building the business case for employers to change behaviour
In 2023, we will boost our contribution to employer practice and behaviour by building and maintaining impactful partnerships and engaging wider employer networks, through which we can share evidence of effective approaches to recruiting and retaining young people from marginalised backgrounds. We will continue to utilise our existing place-based approach to draw further employer insights from our Connected Futures areas, enabling us to gain and leverage opportunities to improve employer practice and behaviour in specific parts of the country.

Building on our 2022 survey of ethnically minoritised young peoples' experience of work and progression, we will continue to track their views with an annual survey. We will use our research findings, tools and resources to equip employers to address the challenges and barriers that young people from ethnically minoritised backgrounds face in the workplace.

4. Ensure that Youth Futures has a strong and sustainable future

Our team will continue to build on a values-led culture focused on high performance. We will undertake activities to secure future funding and will continue to develop Youth Futures' profile and build on positive stakeholder perceptions of our work.

Strategic report
For the year ended 31 December 2022

Stewardship of financial resources

The Company draws down its dormant assets funding under the terms of the Funding Agreement described in more detail in notes 4 and 5 to the accounts.

The bulk of the Company's cash is invested in LGIM liquidity funds composed of short-term, sterling based assets issued by governments, banks and companies. The remainder is held in the Company's bank accounts to meet ongoing operational needs. The Audit, Finance & Investment Committee of the Board receives periodic updates on the Company's investments and cash management. In 2022, the Committee reviewed the investment policy and strategy to ensure that a good balance of risk and return on investment is maintained.

Principal risks and uncertainties

The Board has overall responsibility for risk management. During the year, we continued to develop and embed the system of internal control, including financial, operational and risk management which is designed to safeguard our assets, reputation and financial stability.

The risk management process is overseen by the Audit, Finance and Investment committee and the Board reviews the risk register annually or more frequently where necessary. Activities in 2022 included risk deep dives and internal audit reviews.

Risk appetite

Risks	Appetite
A. Develop & implement a strategy to deliver systemic change	Healthy
B. Ability to evidence and communicate our impact	Balanced
C. Culture	Balanced
D. Talent	Balanced
E. Ever-changing external landscape	Balanced
F. Financial sustainability	Balanced
G. Misuse of funds	Cautious
H. Safeguarding	Cautious
I. Data Protection	Cautious

'Healthy' risk appetite, meaning we have created an environment where we encourage healthy risk-taking regarding **the activities we fund, partnerships we build, and evaluations we conduct**.

We have a **cautious** appetite for risks relating to safeguarding, legal and regulatory compliance and probity.

For other risks we will adopt a **balanced** appetite in the pursuit of our strategy. We are willing to consider all potential options when faced with such risks.

We choose the option that is most likely to result in the successful delivery of our strategy, whilst also ensuring appropriate use of our funding on a cost benefit basis and acting in a way that is in the public interest and consistent our objectives.

Key risks and mitigation

The register identifies the key risks, the likelihood of those risks occurring, their potential impact on our business and the actions we are taking to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system.

Our main risks are outlined below along with the actions we are taking to bring them within our risk appetite. Not all the factors are within our control. Other factors besides those listed below may also adversely affect us.

The risk of / that:	What we will do:
Our strategy to deliver systemic change is wrong and / or ineffectively delivered	Regularly review our strategy and monitor impact
We do not effectively communicate our impact	Communicate impact data in a focused way
Cultural misalignment across our teams	Embed our values in everything we do and undertake regular reviews of impact
We do not maintain the right talent pool	Implement an effective Employee Value Proposition
We are unable to grasp the complex and changing external landscape	Engage proactively with key stakeholders and seek regular feedback
We do not have sufficient funds to fully deliver our objectives	Expand and optimise our endownment
Misapplication of funds	Ongoing monitoring and review of our contracts and financial processes
Reportable safeguarding issue	Monitor and regularly review our safeguarding arrangements
Inadequate management and security of data	Monitor and reguarly review our data security and protection arrangements

Public benefit

While Youth Futures is not a registered charity, the Board has, in setting and reviewing the Company's strategic objectives, had due regard for the Charity Commission's guidance on public benefit. In delivering its mission, the Company provides identifiable public benefits through the provision of services, facilities and opportunities to meet the needs of young people, particularly helping young people into employment.

Youth Futures provides grants to organisations serving the needs of young people to undertake suitable programmes to help young people into employment. Youth Futures adjusts its funding and research programmes to meet the needs of its stakeholders and is committed to providing information, advice and guidance to prospective grantees and all other stakeholders.

Post balance sheet events

A recruitment process for a permanent CEO ran during the second half of 2022, Barry Fletcher was appointed in October 2022 and took up the post on 3 January 2023.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- So far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware. The director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

Under section 487(2) of the Companies Act 2006, Price Bailey LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier, unless otherwise notified.

This report was approved by the board on 25 May 2023 and signed on its behalf by:

Oluseyi Obakin Director
Date: 25 May 2023

Directors' report

For the year ended 31 December 2022

Statement of corporate governance

The following statement is provided to enable readers of Youth Futures' annual report and accounts to understand its governance and legal structure. This statement covers the period from 1 January 2022 to 31 December 2022 and up to the date of approval of the annual report and financial statements.

The Board recognises that, as a body entrusted with funds drawn down from dormant assets, it has a duty to observe the highest standards of corporate governance at all times. In March 2023, the Board took the decision to adopt the Charity Governance Code and will be assessing Youth Futures' governance against that code and planning for any further associated work in 2023.

The Board is committed to ensuring that it has the combination of skills, knowledge and experience necessary to support the ongoing effective delivery of the company's objectives. In particular, the Board has skills and expertise in the following areas: strategy and leadership, youth employment, grants and investment, evaluation, diversity & inclusion, and financial and risk management.

Directors

The directors who served on the Board during the year and up to the date of signature of this report are as follows:

L H Aird (appointed 19 May 2022)
R C M Busby (appointed 30 September 2021)
J C Cleverdon (appointed 9 September 2019)
J Davis (appointed 8 March 2020, resigned 31 March 2022)
C L Easterbrook (appointed 17 September 2020)
J E Evans (appointed 10 April 2022)
G Greaves (appointed 12 May 2022)
A G Hawkhead (appointed 9 September 2019, resigned 12 August 2022)
J Montgomery (appointed 11 March 2019, resigned 31 January 2022)
K Murali (appointed 30 September 2021)
A Morawski (appointed 8 March 2020, resigned 31 March 2022)
J E North (appointed 9 September 2019)
O O Obakin (appointed 9 September 2022)
L-J Rawlings (appointed 9 September 2019)
S A Woolley (appointed 9 September 2019)

Structure and management reporting

Youth Futures is a private company limited by guarantee, with one legal member, The Oversight Trust – Assets for the Common Good ("Oversight Trust"). As the sole legal member, the Oversight Trust agrees to contribute £1 in the event of the Company winding up.

Oversight Trust

The Oversight Trust is our sole member. It is responsible for overseeing the operations of companies that distribute funding made available from the portion of funds allocated and made available to England under the Dormant Assets Act 2022 and to keep these companies 'on mission'. More information about the Oversight Trust can be found at www.oversighttrust.org

The Oversight Trust exercises its responsibilities via a number of meetings and reviews:

- The Chair and the CEO meet with the Oversight Trust Board quarterly to report on progress against objectives
- Once a year, the update takes the form of a more detailed 'deep dive' into delivery and plans for the forthcoming year
- In addition, a governance review meeting takes place annually, with focus on the following topics: overall governance, remuneration, accounting and social impact
- Finally, at least once every four years, the Oversight Trust commissions an independent review of each operating company to examine its effectiveness in delivering against its respective missions as set out in its governing documents. Youth Futures' review will take place in 2023 and the review report, together with Youth Futures' response, will be published

The Oversight Trust is also a party to the Funding Agreement, under which Youth Futures receives its dormant assets funding. The Funding Agreement is described in more detail in notes 4 and 5 to the accounts.

Youth Futures Board of Directors

It is the Board's responsibility to bring independent judgement to bear on issues of strategy, performance, resourcing and standards of conduct. The directors delegate the day-to-day management of the Company to the CEO and so to the executive team.

The Board receives regular and timely information on the overall financial performance of the Company together with other information such as performance against plans and grant making targets, proposed expenditure, standards and personnel-related matters. The Board meets five times a year, including an annual strategy away day.

The Board is supported by three committees. Each committee has terms of reference, which have been approved by the Board. These committees are the Grants and Evaluation Committee, the People and Culture Committee, and the Audit, Finance and Investment Committee.

The Board is entirely non-executive and no individual or group dominates its decision-making process. The Board considers that each of its non-executive members is independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement. The Company has clear conflict of interest processes in place and should a risk of conflict of interest arise when discussing a specific matter, the relevant Board member will recuse themselves from the discussion. There is a clear division of responsibility in that the roles of the Chair and CEO are separate and delegations of authority to the CEO and the executive team are in place.

Appointments to the Board

Any new appointments to the Board are a matter for the consideration of the Board as a whole and are conducted in line with accepted good practice. The Board recruits new members through an open and competitive process, usually supported by an external agency. Appointment of the Chair is made by the Board, according to a process agreed with the Oversight Trust, with the appointment being subject to approval by the Chair of the Oversight Trust. The Board is responsible for ensuring that appropriate training and induction is provided as required.

Members of the Board are appointed for a term of office not exceeding four years. No member shall normally serve for more than nine years in total.

Grants and Evaluation Committee

The Grants and Evaluation Committee comprises at least three Directors, including the Board Chair, the CEO and up to eight external members including young people. The Committee meets four times a year. Its role is to oversee the Company's grant making and evaluation approach and operations including making funding decisions on grant applications recommended for funding by the executive team. The Committee also provides support, ensures that grant making criteria are fit for purpose, including adequate risk assessment, and advise and guide the implementation and development of the Company's grant making and evaluation approach.

People and Culture Committee

The Company's People and Culture Committee comprises at least two Directors (currently 4). The Committee meets four times a year, operates in accordance with written terms of reference approved by the Board and oversees matters that have an impact on the Company's ability to meet its objectives in the following areas: HR and remuneration, safeguarding and governance.

In doing so, the Committee will cover responsibilities sometimes handled by a remuneration committee and an appointments committee, including making recommendations to the Board on the remuneration and benefits of the CEO and other staff. Details of remuneration for the year ended 31 December 2022 are set out in note 10 to the financial statements.

Audit, Finance and Investment Committee

The Audit, Finance and Investment Committee comprises at least two Directors (currently 4) and a co-opted external corporate governance specialist. This Committee also operates in accordance with written terms of reference approved by the Board, including responsibility for monitoring the Company's financial position, oversee the effective and efficient use of resources and to make recommendations to the Board accordingly.

The committee meets four times a year and provides a forum for reporting by the Company's external auditors, who have access to the committee for independent discussion, without the presence of Company management.

Management is responsible for the implementation of agreed audit recommendations and reports to the Committee on progress made in implementing such recommendations. The Committee also advises the Board on the appointment of internal, reporting accountants and financial statements auditors and their remuneration for audit and non-audit work as well as reporting annually to the Board.

Remuneration report

The Company's Remuneration Policy governs executive and non-executive remuneration and incorporates its obligations under the Governance Agreement for setting and reporting remuneration.

The People and Culture Committee is responsible for reviewing:

- the Remuneration Policy and recommending any changes to the Board
- the Company's executive Pay Bands, benefits package and non-executive remuneration guidelines at least once annually in relation to the market, retention, engagement, budgets and performance and recommending any changes to the Board
- the CEO's remuneration package annually and recommending changes to the Board
- approving the CEO's recommendations for annual changes to the executive team pay, in aggregate

Our principles for remuneration are as follows:

- Pay is competitive, to attract and retain appropriately qualified staff to lead, manage, support and deliver our not-for-profit objectives, whilst remaining affordable.
- Pay is fair at the higher and lower ends of the pay scales.
- Performance related bonuses are not paid.
- Non-executive Director remuneration is compatible with our position as a social sector organisation, distributing funds derived from the general public.
- Transparent remuneration reporting.

In order to live up to these principles, our management practices include:

- Paying colleagues at least the Living Wage (as defined by the Living Wage Foundation)
- The use of pay bands, approved by the Board, with upper and lower limits for each grade of role. Any salaries paid outside the respective bands require prior approval from the Chair
- When we work with young people for specific pieces of work, for example on youth voice initiatives, we pay for their time (to a level of at least the Living Wage hourly rate and which does not underpay compared to others doing the same work), unless the engagement is very short and there is significant developmental benefit to the young person from participating. In all cases we pay their reasonable travel expenses
- Paying external Grants and Evaluation Committee members (i.e. those who are not employees or directors of Youth Futures) a fee to compensate for their time commitment and to ensure a broader diversity of experience on the committee
- Publishing a good-practice remuneration report, reflecting our position as a social sector organisation

The remuneration for non-executive Directors and higher paid staff are detailed in notes 10 and 24.

Directors' report
For the year ended 31 December 2022

Equality, diversity and inclusion

The young people we aim to serve – and the challenges they face – are all unique. We need to build a team that reflects this diversity, is highly skilled and committed. Our commitment to inclusion across all protected characteristics, experiences and socioeconomic background forms the cornerstone of our work.

We work hard to ensure we have a diverse and inclusive workforce. We use identity-blind software for all our permanent recruitment campaigns to reduce unconscious bias during recruitment. We have flexible working policies which are kept under review and many of the more flexible working practices we adopted during lockdown have been retained. Recruitment of staff to our three hubs in Birmingham, Leeds and London has enabled us to attract a greater diversity of talent than simply focusing recruitment in one city.

In building the Board, the Future Voices Group, and making external appointments to the Grants Committee, we have ensured that our governance and advisory structures capture a broad diversity of background and experience.

Our Equality, Diversity and Inclusion (EDI) group within the staff team has senior management sponsorship and leads the development of a broad-based EDI strategy.

Pay gap reporting

All organisations over 250 employees are required to publish details of their pay gaps. Although Youth Futures does not meet this threshold, we are committed to good employment practice, reducing inequality in the workplace and open reporting. We have therefore chosen to publish data on pay gaps.

Gender pay reporting

The gender pay gap is how we measure whether there is a disadvantage (a gap) between what, on average, our male employees earn and what, our female employees earn (gender pay). It is impacted by how much people are paid at different levels of the organisation. This is different to equal pay, which is an individual contractual right to make sure men and women are paid the same for similar work. We continuously review our pay and reward decisions to make sure we comply with equal pay legislation. A positive number indicates the average male salary is higher than the average female salary and a negative number indicates the average female salary is higher than the average male salary.

On 31 December 2022, we had 43 permanent staff: 29 females and 14 males. The gender pay gap was as follows (2021 data in brackets):

	Median	Mean
Senior Leadership Team	8% (-30%)	-6% (-26%)
All other employees	-12% (-21%)	-2% (-11%)
All employees	-1% (5%)	9% (13%)

For all employees, female employees have a higher median salary, albeit the mean salary remains higher for male employees due to the high proportion of men in higher paid roles. However there is an improvement of 4% on the mean salary gap when compared to last year because of the increase in female employees in higher paid roles. Outside the senior team female employees are generally better paid than male employees.

Ethnicity pay reporting
The ethnicity pay gap is a measure of the difference between how much, on average, white staff employees are paid compared to those from ethnic minority backgrounds. It is impacted by how much people are paid at each level of the organisation and the relative number of employees from white and ethnic minority backgrounds at different levels of the organisation. A positive number indicates the average salary for a white employee is higher than the average salary of an employee from an ethic minority background and vice versa.

The data is based on the total number of employees included in the gender pay gap report and the ethnicity disclosed by them. Of those 43 employees, 13 are from ethnic minority backgrounds and 30 are white, therefore 30% are from ethnic minority backgrounds. The ethnicity pay gap was:

	Median	Mean
Senior Leadership Team	-28% (n/a)	-29%(n/a)
All other employees	9% (0%)	6% (-3%)
All employees	0% (7%)	-8% (25%)

The composition of the senior team became more diverse in 2022, from the entirely white team in the previous year. The turnaround in senior pay gap was also down to the highest paid employee from an ethnic minority group. For employees outside the senior team, we had a decline in the pay gap because of the relatively higher number of white employees in higher paid roles. For all employees, our pay is well balanced between ethnicities.

We are committed to genuine representation ay all level of the organisation. We will continue to review our pay and rewards practices to make sure we maintain pay equity. We will also continue our wider programme of work to ensure our employment practices support the recruitment and retention of a diverse and inclusive team.

Internal control

Scope of responsibility
The Board is ultimately responsible for the Company's system of internal control and for reviewing its effectiveness. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Board has delegated the day-to-day responsibility to the CEO for maintaining a sound system of internal control that supports the achievement of the Company's policies, aims and objectives, while safeguarding its assets and the funds received from dormant assets. The CEO is also responsible for reporting to the Board any material weaknesses or breakdowns in internal control.

The purpose of the system of internal control
The system of internal control is designed to manage risk to an acceptable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Company policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the Company for the year ended 31 December 2022 and up to the date of approval of the annual report and accounts.

Capacity to handle risk
The Board has reviewed the key risks to which the Company is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board is satisfied that there is a formal ongoing process for identifying, evaluating and managing the Company's significant risks that has been in place for the period ending 31 December 2022 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Audit, Finance and Investment Committee on behalf of the Board, and by the Board.

The risk and control framework
The system of internal control is based on a framework of regular management information, administrative procedures including the segregation of duties, and a system of delegation and accountability. It includes:

- Comprehensive budgeting systems with an annual budget, which is reviewed and agreed by the Board
- Regular reviews by the Board of periodic and annual financial reports which indicate financial performance against forecasts
- Setting targets to measure financial and other performance
- Clearly defined grant investment control guidelines
- The adoption of formal project management disciplines, where appropriate

The Company has an ongoing internal audit service. Two audit reviews were conducted during the year and a further programme planned for 2023.

Review of effectiveness
The Board has responsibility for reviewing the effectiveness of the system of internal control. Their review of the effectiveness of the system of internal control is informed by:

- The work of the executive managers within the company who have responsibility for the development and maintenance of the internal control framework
- Comments made by the company's financial statements auditors in their management letter
- The Audit, Finance & Investment (AF&I) Committee, which reviews the internal control framework, oversees the programme of assurance and plans to address weaknesses, ensures continuous improvement of the system is in place and reports on its activities periodically to the Board

The senior management team and the AF&I Committee are reliant on several sources of assurance, which include recommendations for improvement. The AF&I Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Board periodically considers risk and control and receives reports thereon from the senior management team and the AF&I Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception.

Based on the advice of the AF&I Committee, the Board is of the opinion that the Company has an adequate and effective framework for governance, risk management and control.

Going concern

After making appropriate enquiries, the Board considers that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company has cash and short-term investment balances of £44.7m plus a further drawdown of £41.6m available from the £110 million allocation of dormant assets funding to date. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently
- make judgments and accounting estimates that are reasonable and prudent
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

This report was approved by the board on 25 May 2023 and signed on its behalf by:

Oluseyi Obakin Director
Date: 25 May 2023

Independent auditors' report

To the member of Youth Futures

Opinion

We have audited the financial statements of Youth Futures Foundation Limited (the 'Company') for the year ended 31 December 2022, which comprise the Statement of comprehensive income and retained earnings, the Balance sheet, the Statement of cash flows, the Analysis of net debt and the related notes, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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 directors' 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 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 directors 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 other than the financial statements and our Auditors' report thereon.

The directors are responsible for the other information contained within the Annual Report. 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.

Opinion 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 for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement set out on page 26, the directors 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 directors 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 directors are responsible for assessing the 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 directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 Auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

We gained an understanding of the legal and regulatory framework applicable to the Company and the sector in which it operates and considered the risk of the Company not complying with the applicable laws and regulations including fraud; in particular those that could have a material impact on the financial statements. This included those regulations directly related to the financial statements, including financial reporting which could have a material impact on the financial statements. In relation to the operations of the Company this included compliance with the Companies Act 2006.

The risks were discussed with the audit team and we remained alert to any indications of non-compliance throughout the audit. We carried out specific procedures to address the risks identified. These included the following:

Reviewing minutes of Board meetings, agreeing the financial statement disclosures to underlying supporting documentation, enquiries of management and officers of the Company and a review of the risk management processes and procedures.

Management override: To address the risk of management override of controls, we reviewed systems and procedures to identify potential areas of management override risk. In particular, we carried out testing of journal entries and other adjustments for appropriateness. We also assessed management bias in relation to the accounting policies adopted and in determining significant accounting estimates.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

Use of our report

This report is made solely to the Company's member in accordance with Chapter 3 of Part 16 of the Companies Act 2006.

Our audit work has been undertaken so that we might state to the Company's member those matters we are required to state to them in an Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's member for our audit work, for this report, or for the opinions we have formed.

HWilkinson

Helena Wilkinson
(Senior statutory auditor) for and on behalf of

Price Bailey LLP
Chartered Accountants Statutory Auditors
24 Old Bond Street, London W1S 4AP

Date: 26 June 2023

Financial statements

For the year ended 31 December 2022

Statement of comprehensive income

For the period ended 31 December 2022

	Note	Period ended 31 December 2022 £	Period ended 31 December 2021 £
Income	4	9,946,577	11,714,979
Programme costs	6	(6,704,922)	(9,093,977)
Gross surplus		3,241,655	2,621,002
Administrative expenses	7	(3,717,347)	(2,621,218)
Operating deficit	8	(475,692)	(216)
Interest receivable and similar income		587,274	267
Surplus before tax		111,582	51
Tax on surplus	12	(111,582)	(51)
Total comprehensive income for the year		-	-

There were no recognised gains and losses for 2022 or 2021 other than those included in the statement of income and retained earnings.

The notes on pages 35 to 47 form part of these financial statements.

Statement of financial position

As at 31 December 2022

	Note		At 31 December 2022 £		Restated At 31 December 2021 £
Fixed assets					
Intangible assets	13		**79,000**		35,453
Tangible assets	14		**51,309**		52,110
			130,309		87,563
Current assets					
Debtors:					
amounts falling due within one year	15	**220,065**		74,777	
Cash at bank and in hand	16	**44,682,388**		41,445,041	
		44,902,453		41,519,818	
Creditors:					
amounts falling due within one year	17	**(42,562,035)**		(38,791,020)	
Net current assets			**2,340,418**		2.728,798)
Total assets less current liabilities			**2,470,727**		2,816,361
Creditors:					
amounts falling due after one year	19		**(2,470,727)**		(2,816,361)
Net assets			**-**		-
Capital and reserves			**-**		-

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 25 May 2023 by:

Oluseyi Obakin Director

The notes on pages 35 to 47 form part of these financial statements.

Statement of cash flows

For the year ended 31 December 2022

	2022 £	2021 £
Result for the year		
Surplus/(deficit)	**-**	-
Adjustments for:		
Depreciation of tangible assets	**42,528**	18,826
Loss on disposal of fixed assets	**-**	726
Interest received	**(587,274)**	(267)
Taxation charge	**111,582**	51
(Increase) in debtors	**(145,289)**	(45,698)
(Decrease) / increase in creditors	**3,313,799**	(10,229,626)
Corporation tax paid	**-**	(28,724)
Net cash generated from operating activities	**2,735,346**	(10,286,712)
Cash flows from investing activities		
Purchase of intangible fixed assets	**(58,275)**	(35,930)
Purchase of tangible fixed assets	**(26,998)**	(38,824)
Receipts on disposal of tangible fixed assets	**-**	-
Interest received	**587,274**	267
Net cash from investing activities	**502,001**	(74,487)
Net increase/(decrease) in cash and cash equivalents	**3,237,347**	(10,361,199)
Cash and cash equivalents at beginning of year	**41,445,041**	51,806,240
Cash and cash equivalents at the end of year	**44,682,388**	41,445,041
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	**44,682,388**	41,445,041
	44,682,388	41,445,041

The notes on pages 35 to 47 form part of these financial statements.

Analysis of net debt

For the year ended 31 December 2022

	At 1 January 2022 £	Cash flows £	At 31 December 2022 £
Cash at bank and in hand	41,445,041	3,237,347	**44,682,388**
	41,445,041	3,237,347	**44,682,388**

The notes on pages 35 to 47 form part of these financial statements.

Notes to the financial statements

For the year ended 31 December 2022

1. General information

Youth Futures Foundation (the 'Company' is a private company limited by guarantee incorporated under the number 11814131 in England and Wales, United Kingdom.

The address of the registered office and place of business is Tintagel House, 92 Albert Embankment, London, SE1 7TY. The nature of the Company's operations and principal activities are that of the provision of other social work activities. The Company is considered a Public Benefit Entity under FRS102.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The Company's functional and presentational currency is British pounds sterling.

The preparation of financial statements in compliance with FRS102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Prior year restatement

The directors have restated the balance sheet for the year ended 31 December 2021 to better reflect the allocation of grant creditors that were due after more than one year as at the date of the Statement of financial position, but originally recorded as due within one year.

2.3 Going concern

The directors consider that the resources available, including significant cash reserves and availability of further grant funding, mean that the Company will be able to continue as a going concern for at least 12 months from the date of signature.

2.4 Grant income

In accordance with FRS102 accruals model for government grants, grants relating to revenue are recognised in profit and loss on a systematic basis over the periods in which the entity recognises the related costs for which the grant is intended to compensate.

Restricted funds represent grants received for specific purposes as imposed by the defined term funding agreement. Details of restricted funds are set out in Notes 4 and 5.

2.5 Expenditure

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

All expenditure is accounted for on an accruals basis.

2.6 Operating leases: the company as lessee

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.7 Pensions

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

2.8 Taxation

Tax is recognised in the Statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is recognised in other comprehensive income or directly in equity, as appropriate.

2.9 Intangible Assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Computer equipment – three years

2.10 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Computer equipment – three years

Office equipment – two years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of comprehensive income.

2.11 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.12 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

2.13 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans and deferred income, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.14 Financial instruments

The Company only holds financial assets and liabilities that qualify as basic financial instruments: trade and other debtors and creditors, and cash held at the bank.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the date of the Statement of financial position and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

In preparing these financial statements, management have made the following judgements:

Tangible / intangible fixed assets are depreciated / amortised over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation and maintenance programmes are taken into account.

Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Management determine whether there are indicators of impairment of the Company's assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset.

4. Income

An analysis of income by class of business is as follows:

	Year ended 31 December 2022 £	Year ended 31 December 2021 £
Dormant assets grant income	**9,946,077**	11,694,161
Other grant income	**500**	20,818
	9,946,577	11,714,979

All income arose within the United Kingdom.

Dormant assets grant income relates to dormant assets funding received by the Company from The National Lottery Community Fund (TNLCF) under a tripartite funding agreement entered into between the Company, TNLCF and the Oversight Trust in 2019, under which TNLCF will distribute £90 million of dormant assets money to the Company (the "Funding Agreement"). We received confirmation of an additional award of £20m in February 2022, subject to contract. The funds are restricted and conditions for use are explained in note 5 below.

5. Restricted expenditure

Grant income is used in line with the terms and conditions of the Funding Agreement. During the year, £12,573,000 (2021 – £Nil) was received from TNLCF under the Funding Agreement with the purpose of the grant being to meet expenditure which has a social or environmental purpose; and is to be made for meeting expenditure on or connected with the provision of services, facilities or opportunities to meet the needs of young people. Money received under the Funding Agreement is primarily for use in England. All of the expenditure incurred under this grant is restricted to these purposes. During the year, £9,946,077 (2021 – £11,795,197) was spent and the remaining amount of funds to be deferred as at 31 December 2022 is £32,834,478 (31 December 2021 – £29,707,555).

In addition to the above, separate funding has been secured from the Charities Aid Foundation which was also provided to support expenditure related to meeting the needs of young people. All expenditure incurred is restricted to these purposes. During the year, £500,000 (2021 – £NIL) was received but none was spent, leaving the full balance deferred as at 31 December 2022.

6. Programme costs

An analysis of programme costs is as follows:

	Year ended 31 December 2022 £	Year ended 31 December 2021 £
Delivery grants	**4,867,530**	5,088,032
Evaluation grants	**1,089,708**	2,925,029
Research grants	**338,090**	589,314
Total grants payable	**6,295,328**	8,602,375
Grants operations	**63,440**	81,214
Research and feasibility studies	**120,469**	254,341
Other programme costs	**225,685**	156,047
	6,704,922	9,093,977

7. Administrative expenditure

An analysis of administrative costs is as follows:

	Year ended 31 December 2022 £	Year ended 31 December 2021 £
Staff costs (including contractors)	**2,479,493**	1,889,104
Directors' remuneration	**67,960**	60,080
Recruitment expenses	**137,944**	80,559
Travel, training and development	**175,855**	108,307
Office rent	**217,402**	126,675
Marketing and communications	**4,735**	3,373
IT, telephone and office costs	**214,098**	176,002
Professional fees	**376,122**	159,117
Bank charges	**1,210**	1,175
Depreciation / amortisation	**42,528**	16,826
	3,717,347	2,621,218

8. Operating deficit

The operating deficit is stated after charging:

	Year ended 31 December 2022 £	Year ended 31 December 2021 £
Depreciation	**42,528**	16,826
Loss on sale of tangible fixed assets	**-**	726
Operating lease rentals of land and buildings	**217,402**	126,675
Auditors' remuneration	**15,750**	11,950
Directors' remuneration	**67,960**	60,880

9. Auditors' remuneration

	Year ended 31 December 2022 £	Year ended 31 December 2021 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	**15,750**	13,450
Fees payable to the company's auditor and its associates in respect of:		
Accountancy services	**1,800**	1,560
Taxation compliance services	**936**	780
	2,736	2,340

10. Employees

Staff costs, including directors' remuneration, were as follows:

	Year ended 31 December 2022 £	Year ended 31 December 2021 £
Wages and salaries	**2,044,677**	1,418,559
Social security costs	**220,117**	147,462
Cost of defined contribution pension scheme	**108,179**	74,391
	2,372,973	1,640,412

All employees are entitled to participate in a stakeholder pension scheme, with a standard 5% employee contribution and 6% employer contribution. Also, employees have the option of making a higher contribution, matched by up to 2% additional employer contribution.

The average monthly number of employees during the period was as follows:

	Year ended 31 December 2022 £	Year ended 31 December 2021 £
Employees	**40**	29

During the course of the year, the Company significantly increased its staff team and had 43 permanent employees at the end of the year. In addition, in order to deliver its objectives for the year whilst permanent recruitment was ongoing, the Company engaged several temporary or interim staff.

10. Employees (continued)

Higher paid employees
The number of employees earning more than £60,000 (including taxable benefits but excluding pension contributions) on an annualised basis are as follows:

	2022 Number	2021 Number
£60,001 – £70,000	**3**	1
£70,001 – £80,000	**1**	3
£80,001 – £90,000	**2**	-
£90,001 – £100,000	**1**	1
£100,001 – £110,000	**-**	-
£110,001 – £120,000	**-**	1
£120,001 – £130,000	**1**	-
£130,001 – £140,000	**-**	-
£140,001 – £150,000	**1**	-
	9	6

Directors and key management personnel
The Company directors are not employees and are engaged via service agreements.
The fees for such agreements are disclosed in note 24.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company and are represented by the senior leadership team which comprises the Chief Executive Officer, Director of Finance and Resources, Director of Grants and Investment, Director of Impact and Evaluation and Company Secretary. Key

management personnel remuneration is made up as follows:

	Year ended 31 December 2022 £	Year ended 31 December 2021 £
Salaries	**499,822**	415,648
Employer's national insurance	**58,247**	51,776
	558,069	467,424
Pension contributions	**24,182**	24,824
	24,182	24,824

There were no amounts due to key management personnel that were waived in the year, nor any salary sacrifice arrangements in place.

The following amounts were paid to the two individuals who served as CEO (who is also the highest paid officer):

	2022 £	2021 £
Salary	**240,688**	115,000

The remuneration package of key management staff, apart the CEO, was unchanged in the year. The CEO was replaced with an interim CEO during the year, and therefore their remuneration package was altered. The CEO reports to the Chair, who undertook periodic reviews of their performance against the Company's overall objectives using both qualitative and quantitative measures of performance.

During the year, a charge of £111,928 (2021 – £NIL) has been recognised to take account of costs relating to loss of office for two of the key management personnel. Of this amount, £53,428 (2021 – £NIL) was outstanding at year end.

Any charges are accounted for in the year to which the cost accrues.

11. Interest receivable

	Year ended 31 December 2022 £	Year ended 31 December 2021 £
Interest receivable	**587,274**	267

12. Taxation

	Year ended 31 December 2022 £	Year ended 31 December 2021 £
Corporation tax		
Current tax for the year	**111,582**	51
Taxation on profit on ordinary activities	**111,582**	51

Factors affecting tax charge for the period
The tax assessed for the period is the same as the standard rate of corporation tax in the UK of 19% (2021 – 19%) as set out below:

	Year ended 31 December 2022 £	Year ended 31 December 2021 £
Taxable surplus	**587,274**	267
Taxable surplus multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	**111,582**	51
Effects of:	**111,582**	51
Total tax charge for the year		

Factors that may affect future tax charges
There were no factors that may affect future tax charges.

13. Intangible fixed assets

	Computer software £
Cost at 1 January 2022	**35,930**
Additions	58,275
At 31 December 2022	**94,205**
Amortisation	
At 1 January 2022	477
Charge for the year	14,728
At 31 December 2022	**15,205**
Net book value	
At 31 December 2022	**79,000**
At 31 December 2021	35,453

14. Tangible fixed assets

	Office equipment £	Computer equipment £	Total £
Cost or valuation			
At 1 January 2022	1,238	70,171	**71,409**
Additions	1,400	25,598	**26,998**
At 31 December 2022	**2,638**	**95,769**	**98,407**
Depreciation	832	18,467	**19,299**
At 1 January 2022	704	27,095	**27,799**
Charge for the year on owned assets			
At 31 December 2022	**1,536**	**45,562**	**47,098**
Net book value			
At 31 December 2022	**1,102**	**50,207**	**51,309**
At 31 December 2021	406	51,704	52,110

15. Debtors

	At 31 December 2022 £	2021 £
Prepayments and accrued income	**181,522**	42,014
Other debtors	**38,543**	32,763
	220,065	74,777

16. Cash and cash equivalents

	At 31 December 2022 £	2021 £
Cash at bank and in hand	**44,682,388**	41,445,041
	44,682,388	41,445,041

17. Creditors: Amounts falling due within one year

	At 31 December 2022 £	2021 £
Trade creditors	**360,976**	404,032
Corporation tax	**111,633**	51
Other taxation and social security	**85,998**	50,941
Other creditors	**19,220**	14,473
Accrued grant commitments	**8,959,940**	8,342,778
Deferred dormant assets grants	**32,334,478**	29,707,555
Accruals and deferred income	**689,790**	271,190
	42,562,035	38,791,020

18. Reconciliation of deferred dormant assets creditor

	2022 £	2021 £
At 1 January	**29,707,555**	**41,401,716**
Expenditure in the period	(9,946,077)	(11,694,161)
Dormant asset drawdown in the period	12,573,00	-
At 31 December	**32,334,478**	**29,707,555**

Over the lifetime of the Company, a total of £68.4 million of our £110 million dormant assets endowment has been drawn down, of which £36.1 million has been spent.

Income is released to the Statement of Comprehensive Income to match programme and related costs in the year less interest received.

19. Creditors: Amounts falling due after more than one year

	At 31 December 2022 £	Year ended 31 December 2021 £
Accruals and deferred income	**2,470,727**	2,816,361
	2,470,727	2,816,361

20. Financial instruments

	At 31 December 2022 £	Year ended 31 December 2021 £
Financial assets		
Financial assets measured at fair value through profit or loss	**44,682,388**	41,445,041

Financial assets measured at fair value through profit or loss comprise cash and cash equivalents

21. Company status

The company is a private company limited by guarantee and consequently does not have share capital.

The sole member is The Oversight Trust – Assets For The Common Good and the results of the company are consolidated into the Group accounts of that entity. Copies of group accounts can be obtained at New Fetter Place, 8-10 New Fetter Lane, London, England, EC4A 1AZ.

The company has taken advantage of the Companies Act exemptions in disclosing intercompany transactions between the group.

22. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £108,179 (2021 – £74,391). Contributions totalling £19,220 (2021 – £13,071) were payable to the fund at the date of the Statement of financial position and are included in creditors.

23. Commitments under operating leases

At 31 December 2022, the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2022 £	2021 £
Not later than one year	**107,800**	112,000
	107,800	112,000

The operating lease commitment relates to land and buildings. The amount of lease payments recognised as an expense during 2022 was £217,402 (2021 – £126,675).

24. Related party transactions

In 2022, non-executive directors were paid £5,596 (2021 – £5,500) per annum each for the service of acting as a non-executive director, except for the chair who was paid £12,000 (2021 – £12,000) per annum. Total non-executive directors' fees in 2022 were £67,960 (2021 – £60,080).

The total expenses paid to or on behalf of the non-executive directors during the year was £1,939 (2021 – £518). This represents travel and subsistence expenses and other out of pocket expenses incurred in attending board meetings and other Youth Futures events in their official capacity.

At the year end, the amount of unpaid service fees was £Nil (2021 – £Nil).

25. Controlling party

The sole member and ultimate controlling party is The Oversight Trust – Assets For The Common Good (Company number 07611016). Day-to-day operations and management decisions are undertaken by the board of directors.

Working together

If you would like to work with Youth Futures Foundation to transform employment outcomes for young people from marginalised backgrounds, please get in touch with us:

E: partnerships@youthfuturesfoundation.org
www.youthfuturesfoundation.org

Get in touch:

www.youthfuturesfoundation.org

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