

**Access – The Foundation for  
Social Investment**

**Annual Report and Accounts**

Period from 30 July 2014 to  
31 December 2015

Charity Registration Number  
1159699

Company Registration Number  
09153909

## Contents

### Reports

Reference and administrative details of the charity, its trustees and advisers	1
Trustees' report (incorporating a Strategic Report)	2
Independent auditors' report	17

### Accounts

Statement of financial activities	19
Balance sheet	20
Cash flow statement	21
Principal accounting policies	22
Notes to the accounts	25

## Reference and administrative details of the charity, its trustees and advisers

<b>Trustees</b>	John Kingston OBE Annika Small Arvinda Gohil David Curtis James Perry Lorraine Oldroyd Stephen Wyler OBE Victoria Hornby
<b>Principal office</b>	New Fetter Place 8-10 New Fetter Lane London EC4A 1AZ
Telephone	020 7084 6834
Website	<a href="http://access-socialinvestment.org.uk">access-socialinvestment.org.uk</a>
E-mail	<a href="mailto:info@access-si.org.uk">info@access-si.org.uk</a>
<b>Charity registration number</b>	1159699
<b>Company registration number</b>	09153909
<b>Auditor</b>	Buzzacott LLP 130 Wood Street London EC2V 6DL

The trustees present their statutory report together with the accounts of Access – The Foundation for Social Investment for the period ended 31 December 2015.

The trustees' report has been prepared in accordance with part 8 of the Charities Act 2011 but also comprises a directors' report and a strategic report for the purpose of company legislation. The accounts have been prepared in accordance with the principal accounting policies set out therein and comply with the charitable company's memorandum and articles of association, applicable laws and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102).

## **Strategic report**

### **Introduction**

**We are Access – The Foundation for Social Investment.**

**Our role is to increase access to capital for charities and social enterprises in England.**

We work to bridge the gap between charities and social enterprises on one side and social investors on the other, to help make social investment easier to find and more relevant for those charities and social enterprises.

To achieve this we need to change the way social investment is delivered, so that it can reach the parts of the charity and social enterprise sector that are yet to benefit.

A change like this cannot happen overnight, and so we are devoting ten years to the project. Over this time we hope to help hundreds of charities and social enterprises increase the impact they can make, fuelled by social investment. We hope that their example will encourage more organisations to seek and deliver effective social investment.

We will achieve our goals by

1. Funding the organisations who run grant and support programmes for charities and social enterprises - Capacity Building
2. Funding the organisations who make small loans to charities and social enterprises - The Growth Fund
3. Sharing the learning from how these programmes work - Market Championing

All of our programmes are delivered through, and in partnership with, other organisations. These include existing social lenders, charitable foundations, sector

support organisations and grant administrators. These partners are much better able to work with the breadth and diversity of the charity and social enterprise sector than we could in isolation. We also believe that helping others to deliver social investment in a different way will have longer term and more sustainable impact than our programmes could achieve on their own.

#### 4. Taking a "Total Impact" approach

In addition to these three core activities, we seek to achieve social impact in everything we do, a "Total Impact" approach. Most significantly, we are investing our expendable endowment to achieve positive social impact with a financial return to fund our grant making, thereby increasing the total impact made by the endowment over its lifetime.

We were created in 2014 with the support of our partners the Big Lottery Fund, Big Society Capital and the Cabinet Office.

When reviewing the aims and activities of the charity and the provision by the charity of public benefit, the trustees have had regard to the general guidance provided by the Charity Commission. The trustees believe that the aims of the charity set out above are demonstrably for the public benefit.

### **Vision & Mission**

#### ***Our Vision describes the world we want to see.***

Our Vision is that, in order to achieve greater impact, charities and social enterprises are more financially resilient and self-reliant.

#### ***Our Mission summarises what we do to make that happen.***

To work towards this vision, our Mission is to build the capacity of charities and social enterprises to access social investment and to increase the supply of social investment appropriate to them.

### **Activities and specific objectives**

#### **◆ Review of performance and achievement**

This extended reporting period covers the point from Access' incorporation and includes the set-up activity of the organisation, the development of programmes and the first nine months of operational delivery.

In this period we have laid the foundations to deliver our two core programmes, our market championing role and our approach to investing the endowment.

## **1. Capacity Building**

Our capacity building programmes are aimed at helping charities and social enterprises in England to be better equipped to take on new forms of social investment and to understand how social investment might be relevant for them. These programmes are funded by an expendable endowment from the Cabinet Office, to be spent down over the next ten years.

In 2015, we:

- Agreed the details of our grant agreement with the Cabinet Office and received the first tranche of the expendable endowment
- Ran an extensive, open consultation with the sector to determine strategic priorities for the programme
- Developed our strategy for 2016-18, based on responses to our consultation
- Agreed this strategy with our funding partners, and began the process of implementing their delivery.

## **2. The Growth Fund**

The Growth Fund aims to tackle the gap in the supply of small loans, of under £150,000, for charities and social enterprises. We will do this by providing a blend of loan and grant capital to social lenders in England allowing them to offer simpler investment products for the sector. It is envisaged that, over the three year investment period of the Growth Fund, Access will support between 15 and 20 social lenders.

The loan financing is provided by Big Society Capital, blended with the grant funding provided by the Big Lottery Fund. The role of Access is to facilitate and administer this programme, rather than to hold or provide the funding directly. The Joint Investment Committee decides who will receive finance from the Growth Fund. The committee includes representation from Access, the Big Lottery Fund and Big Society Capital.

In 2015, we:

- Agreed the terms of a Service Level Agreement with the Big Lottery Fund and the details of a three-party Memorandum of Understanding with the Big Lottery Fund and Big Society Capital for the running of the Growth Fund
- Opened for expressions of interest from existing or potential social lenders in May 2015
- Received 24 Expressions of Interest from a diverse range of organisations and partnerships across England and invited 17 of those to apply

- Considered nine applications at the Joint Investment Committee and conducted due diligence on three investment opportunities
- Made two commitments in principle and, at the end of the year, these were in legal negotiation
- Produced a wide range of support materials and guidance for applicants and identified a number of other areas for support which will be developed next year
- Commissioned New Philanthropy Capital to undertake research on the potential pipeline of social lenders for the Growth Fund and suggest ways of further expanding reach.

### **3. Market Championing**

Our market championing role will focus on sharing the learning from our programmes. While these have been in development, we have sought to clearly and openly communicate our work, and increase understanding of social investment. To this end, during 2015 we have:

- Published the annual plan for 2015-16 on our website
- Produced regular blog-posts covering the development of our programmes
- Attended and presented at a wide range of conferences, roundtable discussions and events, introducing social investment and the work of Access
- Commissioned four pieces of research to help inform our work.

### **4. Total Impact**

The trustees established an Endowment Working Group to consider how best to invest the £60m expendable endowment from the Cabinet Office to achieve total impact. This means investing each pound to achieve the maximum social impact and, at the same time, ensuring our financial objectives and liquidity requirements are met.

In 2015, we have:

- Defined the impact we would like the investment portfolio to achieve and determined a theoretical target portfolio
- Engaged with asset managers to help turn the theory into reality
- Shortlisted three asset managers with a view to having assets under management in H1 2016.

## ◆ Future objectives and planned activities

### 1. Capacity Building

In 2016, Access will launch three key capacity building programmes:

- “Access Points” Investment Readiness grants.  
This programme will provide small grants to charities and social enterprises seeking to access a loan, but who need some support or extra capacity to do so. The programme aims to increase the overall amount of social investment taken on by charities and social enterprises, as well as the number of these organisations who are able to take on a loan, and are better informed about how social investment is relevant for them.
- Impact Management.  
Over two years, this programme will help charities and social enterprises seeking to increase their ability to quantify, report on, increase and “get paid for” their impact. It will achieve this through a) designing and testing a “self-service pathway” for organisations to make a start at developing their impact strategy; b) providing support for charities and social enterprises seeking to win substantial investments or contracts for delivering public services.
- Infrastructure Investments.  
Access will seek to work with other investors to create appropriate investment opportunities to support organisations which are central to the social investment market’s own infrastructure. While we are establishing our other programmes in the first half of 2016, we will continue the consultation process for this strand of our work. Our aim is to develop a shared understanding of the needs of the different types of finance and support intermediary organisations in the market, how the market could and should develop, and what infrastructure is required to encourage such development.

### 2. The Growth Fund

During 2016, we will conclude legal negotiations on the first investments from the Growth Fund and loans will be made available to charities and social enterprises.

As well as continuing to make investments through the programme, our priorities for the year ahead will focus on making the process of running a loan fund simpler for social lenders, and most importantly, supporting them to make the process of taking on a loan simpler for charities and social enterprises. In particular we will:

- Publish further details about our investment priorities and areas where we are seeking to stimulate new applications



- Develop a suite of tools and resources, including offering back office support, to support applicants through the process and to support them with taking the first steps on creating a fund
- Simplify the legal agreements at all levels of our process
- Focus on widening reach and encouraging applicants from new partnerships who are well placed to support a broader group of charities and social enterprises.

### **3. Market Championing**

As our programmes become fully operational over 2016-18, we will:

- Regularly publish data, analysis, commentary and blogs about our progress
- Fully evaluate our programmes and continue to commission and promote relevant research
- Attend or host events, roundtable discussions and conferences, in order to share learning among, encourage and influence social lenders, other charitable foundations, sector support organisations, charities and social enterprises
- Following feedback from our capacity building consultation which identified a lack of clear, easy-to-navigate information about social investment, develop Good Finance, our collaborative education project with Big Society Capital. Working with a group of key sector partners including NCVO, Locality, SEUK and others, our objective is to develop improved information and signposting services for "new entrants" to the world of social investment.

### **4. Total Impact**

In 2016, following a detailed proposal and selection process, Access will place the endowment funds under management with our chosen asset manager.

More broadly, from 2016 – 2018, we will:

- Continue to engage with our asset manager to ensure the portfolio achieves maximum social impact as well as our financial goals
- Engage, encourage and support other organisations who are investing in a "total impact" way and help to grow this market
- Publish updates and case studies on the process we undertook to determine how best to select and run a "total impact" portfolio, making sure to share our learnings.

## Governance, structure and management

### ◆ Governance

The names of the trustees who served during the period are set out as part of the reference and administrative details on page 1 of this annual report and accounts, and brief biographical details on each of the trustees are given below.

<p>John Kingston OBE, Chair</p>	<p>John founded the Charities Aid Foundation social investment fund, Venturesome. He later became Chair of Nationwide Foundation and he chaired the Association of Charitable Foundations until November 2014. John also chaired the Big Lottery Fund Social Investment Committee during the launch of Big Society Capital. Earlier in his career he worked for Save the Children UK and 3i Group plc. John is a trustee of HelpAge International.</p>
<p>Annika Small</p>	<p>Annika is a social entrepreneur committed to the imaginative use of digital technologies to address big social challenges. She was the founding CEO of Nominet Trust, which, under her leadership, invested more than £25m in early-stage ventures that deploy technology for social innovation. Prior to this, Annika led the Tony Blair Foundation's global education programme, and was the Chief Executive of Futurelab. A winner of multiple awards, Annika is the Chair of Wayra/Unltd, a Trustee of the Design Council, a member of the Cabinet Office's Centre for Social Action Steering Board, an associate of BAFTA and a Fellow of the RSA. Annika chairs the Audit and Risk Committee of Access.</p>
<p>Arvinda Gohil</p>	<p>Arvinda Gohil has worked in the not for profit and charitable sector all of her working life. She was Chief Executive of Emmaus UK from 2011 to 2015, where she led the introduction of social investment to member organisations across the UK. Prior to this, she ran her own consultancy for five years, specialising in governance, leadership and equalities. She had also worked at the National Housing Federation and the Housing Corporation and was Chief Executive of two Housing Associations. Arvinda has also worked in South Africa where she assisted in developing a social housing model.</p>

David Curtis	David Curtis is Chief Operating Officer of Wakelet, a high growth technology platform, which helps people to organise online information so it's easier to find and share. Previously, David was MD of the Timewise Foundation, which helps businesses to attract and develop the best talent through flexible working. David began his career in project finance and investment banking, leaving Merrill Lynch in 2002 to join CAF Venturesome in its early stages of growth.
James Perry	James Perry is Chief Executive of Panahpur, where he has led the transition of a traditional grant making charitable trust into a sustainable social impact investor. He has been in this role since 2009, having first been Managing Director of Cook, a fast growing premium prepared food manufacturer. He was then Executive Chairman and now remains non-executive Chairman. James chaired the UK Mission Alignment Working Group for the UK Advisory Board of the G8 Social Impact Investment Taskforce and since 2012, has been the Deputy Chairman of the Social Stock Exchange. He is currently managing the programme to launch B Corporations in the UK.
Lorraine Oldroyd	Lorraine currently supports the Social Enterprise Investment Fund as a member of the fund's external panel. Until December 2015 Lorraine supported the £60m CDFA Regional Growth Fund programme, formerly as a member of its external investment panel and from September to December 2015 as the panel's liaison with delivery partners. The CDFA Regional Growth Fund programme partners with Unity Trust Bank and the Cooperative Bank, supporting business growth. Lorraine retired in 2013, after 12 years at Key Fund, 8 of those as Chief Executive. Previous to that, Lorraine spent time in resource management/ administration including periods in manufacturing, agriculture, HM Services and education. She was a director of the CDFA for 6 years and has spent time as a school governor.
Steve Wyler, OBE	Steve Wyler was CEO of Locality between 2011 and 2014 and previously Director of the Development Trust Association for ten years before it merged with Bassac to become Locality. Prior to this, he worked as an advisor to grant making organisations including the Big Lottery Fund, Sainsbury Family Charitable Trusts, the

	<p>Kings Fund and the Bridge House Estate Trust Fund. He is a former Vice Chair of Social Enterprise UK, Social Investment Task force advisor and co-founder and board member of the Adventure Capital Fund. He sits on the Board of a number of charitable organisations and having taken the decision to leave his executive role at Locality, is working as an independent advisor and writer in the field of social change and innovation.</p>
<p>Victoria Hornby</p>	<p>Victoria is Director of Grants and Evaluation for the Royal Foundation of the Duke and Duchess of Cambridge and Prince Harry, where she has been since 2011. Previously, she was on the executive team of the Sainsbury Family Trusts for nearly 12 years during which time she managed the social investment portfolios of the four Sainsbury Family Charitable Trusts and led the Trusts' interests in social investment both as a grant-maker and as a social investor. Victoria also served as a member of the Futurebuilders Investment Committee. Current non-executive roles include: Director, Social Finance and Trustee of Bridges Charitable Trust.</p>

The trustees are committed to ensuring that the Board has the combination of skills necessary to support the effective provision of access to capital to charities and social enterprises. In particular, the Board of Trustees includes skills and expertise in the following areas: social investment, community regeneration and social enterprise, business, and financial and risk management.

In September 2015, Alastair Wilson, resigned from the Board of Trustees, having been appointed in December 2014. At year-end, a recruitment process was underway to fill this vacancy, with the emphasis on recruiting a trustee with investment experience.

◆ **Key management personnel**

The key management personnel of Access includes the trustees, the Chief Executive and senior leadership team. The remuneration governance and decision making is overseen by the Audit and Risk Committee (ARC). In order to ensure that the remuneration policy reflects the charitable sector that it serves, Access staff will receive no more than an annual inflationary increase, subject to affordability and in line with relevant benchmarks and reflective of the conditions in the social sector. An exception will be made if a role has materially changed or the market rate has increased (as confirmed by external benchmarking), in which case a pay increase beyond the rate of inflation may be considered.

#### ◆ **Statement of trustees' responsibilities**

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

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure of the charity 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 Statement of Recommended Practice (Accounting and Reporting by Charities) (the Charities' SORP);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

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

#### ◆ **Structure and management reporting**

Access – The Foundation for Social Investment is a charity and company limited by guarantee, with one legal member, the Big Society Trust. The Big Society Trust is also the parent company of Big Society Capital. As the sole legal member, Big Society Trust agrees to contribute £1 in the event of the charity winding up.

Access is governed by the Board of Trustees. The Board of Trustees meets seven times a year, including an annual strategic away day. The trustees delegate the day-to-day management of Access to the Executive team.

The Audit and Risk Committee (ARC) is the only formal subcommittee of the Board, comprising four trustees. The ARC is responsible for the relationship with the auditors, ensuring the integrity of Access' accounting and financial practices, examining and reviewing all systems and methods of control including financial and risk management, all HR matters and policies and ensuring that Access complies with all aspects of the law, relevant regulation and good practice.

In addition to the Board and ARC, two working groups have been established to assist with programme development and endowment management. These are the Reach Group and the Endowment Working Group respectively. These groups meet on average 6 – 8 times per annum.

#### ◆ Risk management

To ensure that risks are managed and mitigated, a risk register is in place, which enables Access to identify and evaluate both strategic and operational risks, and the actions needed to mitigate these risks, taking into account existing and proposed controls.

The Audit and Risk Committee reviews the risk register on a six monthly basis, with any medium to high risks, either in terms of impact or likelihood, reviewed on a quarterly basis.

There are two key performance risks, which have been identified which may impact on our ability to deliver the objectives of the Growth Fund.

1. Applicants may not have sufficient resources to apply for the Growth Fund or to manage small funds effectively. To mitigate this, Access has published clear guidance and instructions on our website and is committed to providing comprehensive support in terms of time spent by the Executive with potential applicants.
2. The Growth Fund structure is potentially complex and there is a risk that it may result in bureaucracy for charities and social enterprises accessing loans. To mitigate this, Access will closely monitor the experience of the first charities and social enterprises to receive loans and simplify the process where possible.

#### Policies relevant to activities

##### ◆ Grant making policy

Access is able to award grants in a variety of ways, namely via the Growth Fund, the Capacity Building programmes or for research work as part of the Market Championing strand. In awarding grants, Access applies the following principles:

- The ultimate objective of the grant should be to increase access to finance for charities and social organisations and/or to support the growth of the social investment market.
- The grant may be used by recipients to fund or support charities and social organisations directly or to enable other intermediaries to provide appropriate funding or support to such charities or social organisations.
- The applicant will need to evidence the use of grant in increasing the efficiency and effectiveness of charities and social organisations.

Access will not consider applications for any activities, which are outside of its objects; any activities which are not considered charitable in accordance with the laws of England and Wales; any political or commercial appeals; and the benefit of the trustees or anyone related to the trustees.

Applications should be submitted in accordance with Access' stated programme areas and will be subject to due diligence and a multi-stage decision making process. Grant recipients will be subject to monitoring, feedback requirements and evaluation. The terms of such monitoring and evaluation will vary depending on the type of funding and the programme area funded and details will be set out in the agreement between the recipient and Access.

#### ◆ Investment policy

The Capacity Building programme, market championing work, and a portion of Access' running costs is funded via an expendable endowment, granted by the Cabinet Office. Our mandate is to invest our expendable endowment to achieve positive social impact with a financial return to fund our grant making, thereby increasing the total impact made by the endowment over its lifetime. This is part of our "Total Impact" approach.

An Endowment Working Group was established mid-2015 to determine how this approach would look in practice. The group consists of members of the Access Executive, trustees and independent advisors who are in the process of setting the investment strategy. By the end of 2015, a number of asset managers had been approached to provide interpretations of our brief and three were short listed to present in early 2016. This decision is likely to be made in the first half of 2016, together with the finalisation of the investment strategy, resulting in the assets moving from the current short term deposit accounts into an actively managed portfolio.

Access' investment strategy will take into account our expenditure and liquidity needs, the financial risk profile, and, the social impact/social return that the portfolio will be able to generate. In terms of the impact that the portfolio will seek to achieve, Access has adopted a tiered view of the varying degrees of impact. In descending order, Access will invest in:

1. Charities and social enterprises delivering social impact in the UK

2. Charities and social enterprises delivering social impact elsewhere
3. Other organisations delivering social impact
4. Other organisations that have best in class Environmental, Social and Governance (ESG) indicators (with a priority on S&G).

During 2015, while a "Total Impact" approach has been under development, the endowment funds received to date are invested in a range of short term notice accounts, spread across four banks to ensure the desired liquidity and diversification.

## Financial Review

### ◆ Results for the period

The Statement of Financial Activities (SOFA) shows that Access' surplus in the first year of operations is £36.03m. This is primarily driven by the receipt of the first tranche of the expendable endowment from the Cabinet Office of £36m. The remaining portion of the £60m total endowment will be received over the next five years.

The endowment will be spent over the next ten years on our Capacity Building and Market Championing work. It will also be used to part fund the running costs of Access. £184k of this initial £36m has been spent in the period to contribute to the running costs, resulting in a large surplus.

Other sources of income include investment income of £176k and income of £158k earned as a result of the Service Level Agreement in place with the Big Lottery Fund for running the Growth Fund. Finally, £240k of income was recognised as funding received during the set-up phase of Access. This was fully utilised and recognised as a corresponding expense.

Excluding the £240k of expenditure on set-up costs, the remaining expenditure during the period related to the running costs of the organisation, with approximately 55% on staff related costs. These costs were incurred from May 2015 when the first permanent staff were employed by Access.

Costs incurred of £14k on raising funds, relate to the fees paid for the management of the short term deposit accounts.

### ◆ Reserves policy and financial position

The balance sheet shows total funds of £36.03m.

These funds include expendable endowment funds of £35.82m. Whilst the income from these funds may be used for general purposes of the charity and is credited, therefore, to unrestricted funds, the endowment fund will be



used over the next 10 years to fund our Capacity Building programmes, and to part-fund the running costs of Access.

Also included in total funds is an amount of £37k which is restricted. This relates to monies received from the Big Lottery Fund for the specific purposes of part-funding the running costs of Access. Full details of these restricted funds can be found in note 19 to the accounts together with an analysis of movements in the period.

No funds have been designated, or set aside, by the trustees for specific purposes.

General funds of the charity at 31 December 2015 total £176k. These funds are represented by tangible fixed assets with a net book value of £2k and "free reserves" of £174k.

The majority of Access' grant making programmes and running costs will be funded via an expendable endowment of £60m from the Cabinet Office. £36m has been received to date with the remainder due over the next five years. This £60m will, in turn be spent over the next ten years in the delivery of Access' programmes. Given that the endowment fund is essentially an income fund rather than that of a capital nature, a traditional reserves policy is not considered necessary. Access will receive all funding ahead of when these resources will be committed and therefore the funds are considered adequate to meet the running costs of Access as well as the grant funding of our programmes.

In the latter part of Access' life, the grant commitments and running costs will be carefully managed to ensure that the remaining expendable endowment is available and sufficient to fund these commitments.

#### ◆ **Investment performance**

During the period the charity's investments were invested in a range of highly liquid short term deposits while the longer term investment strategy was under development. The investments achieved an income yield of 0.49%. At the end of the period the charity's portfolio consisted of 99.2% short term deposits and 0.8% cash.

The trustees are satisfied with the performance of the investments and look forward to these assets being placed under active management in 2016.

#### **The charity's assets**

Acquisitions and disposals of fixed assets during the period are recorded in the notes to the accounts.

### Gifts in kind

Access was set up in collaboration between the Cabinet Office, the Big Lottery Fund and Big Society Capital. Each of these organisations, agreed to contribute up to £80k to establish the organisation.

Big Society Capital was instrumental in the early stages, ensuring the company was incorporated and registered as a charity. They contributed to the costs of recruiting the Board and also towards various professional fees (e.g. legal costs) throughout the establishment of Access. BSC's contribution was never paid to Access as a grant and the £80k has therefore been considered a gift in kind.

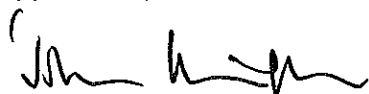
### Auditors

Each of the trustees confirms that:

- ◆ so far as the trustee is aware, there is no relevant audit information of which the charity's auditor is unaware; and
- ◆ the trustee has taken all the steps that he ought to have taken as a trustee in order to make himself aware of any relevant audit information and to establish that the charity's auditor is aware of that information.

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

Approved by the trustees and signed on their behalf by:



Trustee

Approved by the trustees on:

16 March 2016

**Report of the independent auditors to the members of Access – The Foundation for Social Investment**

We have audited the financial statements of Access – The Foundation for Social Investment for the period ended 31 December 2015 which comprise the statement of financial activities, the balance sheet, the cash flow statement; the principal accounting policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charity'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 charity'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 charity and the charity's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of trustees and auditor**

As explained more fully in the Trustees' Responsibilities Statement set out in the Trustees' Annual Report, 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.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' Annual Report including the Strategic Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

## **Independent auditors' report** Period to 31 December 2015

### **Opinion on financial statements**

In our opinion the financial statements:

- ◆ give a true and fair view of the state of the charitable company's affairs as at 31 December 2015 and of its incoming resources and application of resources, including its income and expenditure, for the period then ended;
- ◆ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- ◆ have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Trustees' Annual Report including the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

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

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



Edward Finch, Senior Statutory Auditor  
for and on behalf of Buzzacott LLP, Statutory Auditor  
130 Wood Street  
London  
EC2V 6DL

20/4/16

**Statement of financial activities** Period to 31 December 2015

	Notes	Unrestricted funds £ '000	Restricted funds £'000	Endowment funds £'000	2015 Total funds £'000
<b>Income and expenditure</b>					
<b>Income and endowments from:</b>					
Grants	1	—	—	36,000	36,000
Income from charitable activities	2	—	158	—	158
Investments	3	176	—	—	176
Other Income					—
. Set-up phase funding	4	—	240	—	240
<b>Total income</b>		<b>176</b>	<b>398</b>	<b>36,000</b>	<b>36,574</b>
<b>Expenditure on:</b>					
Raising funds	5	—	—	14	14
Charitable activities	6				
. Capacity Building		—	—	125	125
. Growth Fund		—	121	—	121
. Market Championing		—	—	45	45
Other					
. Set-up phase costs	8	—	240	—	240
<b>Total expenditure</b>		<b>—</b>	<b>361</b>	<b>184</b>	<b>545</b>
<b>Net movement in funds</b>		<b>176</b>	<b>37</b>	<b>35,816</b>	<b>36,029</b>
<b>Reconciliation of funds:</b>					
<b>Total funds brought forward</b>		<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Total funds carried forward</b>		<b>176</b>	<b>37</b>	<b>35,816</b>	<b>36,029</b>

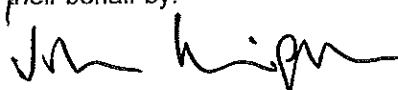
The statement of financial activities includes all gains and losses recognised in the period.

All of the charity's activities derived from continuing operations during the above financial period.

**Balance sheet** As at 31 December 2015

	Notes	2015 £'000	2015 £'000
<b>Fixed assets</b>			
Tangible assets	13		2
<b>Current assets</b>			
Debtors due within one year	14	94	
Short term deposits		35,741	
Cash at bank and in hand		290	
		<u>36,125</u>	
<b>Creditors: amounts falling due within one year</b>	15	98	
<b>Net current assets</b>			<u>36,027</u>
<b>Total net assets</b>			<u>36,029</u>
<b>The funds of the charity:</b>			
Endowment funds	16		35,816
Restricted funds	17		37
Unrestricted funds			
General fund			<u>176</u>
			<u>36,029</u>

Approved by the trustees  
and signed on their behalf by:



Trustee

Approved on: 16 March 2016

Access – The Foundation for Social Investment: A company limited by guarantee, Company Registration No. 09153909 (England and Wales)

**Statement of cash flows** Period to 31 December 2015

	Notes	2015 £'000
Cash inflow from operating activities	A	36,034
Cash inflow from investing activities	B	(3)
Increase in cash and cash equivalents	C	36,031

**Notes to the cash flow statement for the period to 31 December 2015**

**A Adjustment of net income before transfers to net cash inflow from operating activities**

	2015 £'000
Net income before transfers	36,029
Depreciation charge	1
Interest receivable	(87)
Increase in debtors	(7)
Increase in creditors	98
<b>Net cash inflow from operating activities</b>	<b>36,034</b>

**B Gross cash flows**

	2015 £'000
<b>Investing activities</b>	
Payments to acquire tangible fixed assets	(3)
	(3)

**C Analysis of changes in cash and cash equivalents**

	At 31 July 2014 £'000	Cash flows £'000	Other changes £'000	At 31 December 2015 £'000
Cash at bank and in hand	–	290	–	290
Deposits maturing in less than three months	–	35,741	–	35,741
<b>Total</b>	<b>–</b>	<b>36,031</b>	<b>–</b>	<b>36,031</b>

## **Principal accounting policies** Period ending 31 December 2015

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

### **Basis of accounting**

These financial statements have been prepared for the period 30 July 2014 to 31 December 2015 which is a period of more than twelve months. This is because the Companies Act 2006 allows this extension to the accounting reference date.

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

The financial statements have been prepared in accordance with 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 FRS 102 SORP 2015'), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Companies Act 2006 and the Charities Act 2011.

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

The accounts are presented in sterling and are rounded to the nearest thousand pounds.

### **Going concern**

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

The trustees have concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern. This is because they consider the cash and reserves position of Access to be sufficient to support the charity for at least 12 months from the date of signing these financial statements.

### **Income**

Income is recognised in the period in which the charity is entitled to receipt, the amount can be measured reliably and it is probable that the funds will be received.

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

In accordance with the Charities FRS 102 SORP 2015 volunteer time is not recognised.



**Income (continued)**

Grants from government towards the Capacity Building are expendable funds that are specifically restricted to Capacity Building activity. These income funds are put on deposit and invested prior to expenditure and have been included as endowment funds.

The Big Lottery Fund Grant Budget for Growth Fund is considered a performance related grant on account of the service level agreement in place with the Big Lottery. This is included as a restricted grant on the basis that it is refundable if not applied for the purposes intended.

The Growth Fund itself is not recognised as income within the charity's financial statements as the income is not under the direct control of the charity.

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

**Expenditure and the basis of apportioning costs**

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. Expenditure is comprised of direct costs and support costs. Direct costs are allocated to a specific activity. The classification between activities is as follows:

- a. Expenditure on raising funds includes all expenditure associated with raising funds for the charity. This includes investment management fees, staff costs associated with fundraising, and an allocation of support costs.
- b. Expenditure on charitable activities includes all costs associated with furthering the charitable purposes of the charity through the provision of its charitable activities. Such costs include grants payable, other direct costs and support costs.
- c. Other expenditure includes all expenditure that cannot be analysed into the above two headings.

Support costs represent indirect charitable expenditure. In order to carry out the primary purposes of the charity it is necessary to provide support in the form of personnel development, financial procedures, provision of office services and equipment and a suitable working environment. Office costs and property related costs are apportioned on the basis of the headcount related to the activity. Staff related costs are allocated in the same proportion as directly attributable staff costs.

All expenditure is inclusive of irrecoverable VAT.



**1 Grants**

	Endowment funds £'000	2015 Total funds £'000
. The Cabinet Office	36,000	36,000
<b>2015 Total funds</b>	<b>36,000</b>	<b>36,000</b>

**2 Income from charitable activities**

	Restricted funds £'000	2015 Total funds £'000
. The Big Lottery Fund	158	158
<b>2015 Total funds</b>	<b>158</b>	<b>158</b>

**3 Income from investments**

	Unrestricted funds £'000	2015 Total funds £'000
Interest receivable		
. Bank interest	176	176
<b>2015 Total funds</b>	<b>176</b>	<b>176</b>

**4 Other income**

Set-up phase funding	Restricted funds £'000	2015 Total funds £'000
<b>Grants</b>		
. The Cabinet Office	80	80
. Big Lottery Fund	80	80
<b>Gifts in kind</b>		
. Big Society Capital	80	80
<b>2015 Total funds</b>	<b>240</b>	<b>240</b>

**5 Expenditure on raising funds**

	Unrestricted funds £'000	Endowment funds £'000	2015 Total funds £'000
Deposit account management	—	14	14
<b>2015 Total funds</b>	<b>—</b>	<b>14</b>	<b>14</b>

**6 Expenditure on charitable activities**

	Restricted funds £'000	Endowment funds £'000	2015 Total funds £'000
<b>Capacity Building</b>			
. Support costs (note 7)			
. . Office costs	—	25	25
. . Staff costs	—	79	79
. Governance costs	—	21	21
	—	125	125
<b>Growth Fund</b>			
. Support costs (note 7)			
. . Office costs	31	—	31
. . Staff costs	69	—	69
. Governance costs	21	—	21
	121	—	121
<b>Market Championing</b>			
. Research costs	—	25	25
. Support costs (note 7)			
. . Office costs	—	6	6
. . Staff costs	—	14	14
	—	45	45
<b>2015 Total funds</b>	<b>121</b>	<b>170</b>	<b>291</b>

**Capacity Building:**

Capacity building comprises work involving the consultation, design, implementation, monitoring and evaluating of grant based programmes to build the capacity of charities and social enterprises. This is in order to help such organisations become robust, competitive and sustainable by assisting them to participate in the social investment market and become better equipped to be investment-ready and secure new forms of investment.

**6 Expenditure on charitable activities (continued)**

**Growth Fund:**

Access provides support and operational services for the Growth Fund. The Growth Fund is a wholesale finance facility for social lenders. The Growth Fund is operated by Access with finance from Big Society Capital and Big Lottery Fund. The objective is to provide access to capital that charities and social enterprises need when they are at early stages of growth or diversifying their business models by providing loans of less than £150,000. Access is represented on the Joint Investment Committee which will review and approve applications for this funding.

**Market Championing:**

These activities enable Access to become a Market Development Champion for charities and social enterprises who are getting ready to access social investment, especially those new to repayable capital.

**7 Support costs**

Support costs comprise of governance costs and other support costs:

	Charitable activities			2015 Total funds £'000
	Capacity Building £'000	Growth Fund £'000	Market Championing £'000	
Staff costs	79	69	14	162
Governance costs	21	21	—	42
Office costs	25	31	6	62
	125	121	20	266

Support costs	2015 Total funds £'000	Basis of apportionment
Staff costs	162	Head count & role description
Governance costs	42	Funding agreements
Office costs	62	Head count & role description
	266	

**8 Other expenditure**

Set-up phase costs comprise:

	Restricted funds £'000	Total 2015 £'000
Legal Fees & Consultancy	143	143
Recruitment	49	49
Marketing & Website development	42	42
Other	6	6
<b>2015 Total funds</b>	<b>240</b>	<b>240</b>

**9 Net income (expenditure)**

This is stated after charging (crediting):

	Restricted funds £'000	Endowment funds £'000	2015 Total funds £'000
Staff costs (note 10)	69	93	162
Auditors' remuneration			
. Statutory audit assurance	2	2	4
. Other services	1	1	2
Depreciation	—	1	1

**10 Employee and key management remuneration**

**Summary**

Staff costs during the period were as follows:

	2015 £'000
Wages and salaries	135
Social security costs	16
Other pension costs	11
	<u>162</u>

**Staff numbers**

The average number of employees during the period, calculated on a full time equivalent basis, analysed by function, was as follows:

	2015 Number
Charitable activities	
. Capacity Building	0.6
. Growth Fund	0.7
. Market Championing	0.1
	<u>1.5</u>

Access employees began employment over the period May – October 2015. At the end of the financial period, Access had employed a team of 5 people amounting to 4.4 on a full time equivalent basis.

**Higher paid employees**

The Access CEO is awarded a salary of £81.5k per annum. No other employees earn in excess of £60,000 per annum.

**10 Employee and key management remuneration (continued)**

**Key management personnel**

Key management personnel comprise the trustees, the Chief Executive Officer and the Senior Leadership Team.

The total employee benefits of the key management personnel of the charity were £144k.

One of the trustees received remuneration in respect of their services during the period for £12.5k (of which £10k was paid for services prior to becoming a Trustee for Access). During the period out of pocket travelling expenses amounting to £3.4k were reimbursed to 4 trustees.

**11 Insurance**

The charity has purchased insurance to protect the charity from any loss arising from the neglect or defaults of its trustees, employees and agents and to indemnify the trustees or other officers against the consequences of any neglect or default on their part. The insurance premium paid by the charity during the period totalled £6,608 and provides cover of up to a maximum of £2m for professional indemnity insurance and up to £5m for directors and officers liability.

**12 Taxation**

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

**13 Tangible fixed assets**

	Plant, vehicles & IT equipment £'000	Total £'000
<b>Cost or valuation</b>		
At 30 July 2014	—	—
Additions	3	3
At 31 December 2015	3	3
<b>Depreciation</b>		
At 30 July 2014	—	—
Charge for period	1	1
At 31 December 2015	1	1
<b>Net book values</b>		
At 31 December 2015	2	2
At 30 July 2014	—	—

**14 Debtors**

	2015 £'000
<b>Due within one year</b>	
Prepayments	7
Accrued interest income	87
	94

**15 Creditors: amounts falling due within one year**

	2015 £'000
VAT Payable	18
Accruals and deferred income	69
Other Creditors	11
	98

**16 Endowment funds**

	At 30 July 2014 £'000	Incoming resources £'000	Expenditure £'000	At 31 December 2015 £'000
Cabinet Office	—	36,000	(184)	35,816
	—	36,000	(184)	35,816

The funds were established as follows:

The Cabinet Office has donated an expendable endowment fund to Access to support its charitable activities, including Capacity building and Market Development Championing. The funds may be invested in order to achieve a financial return. This financial return can be applied in furtherance of Access' charitable objectives and as such will be recognised as unrestricted income each year.

**17 Restricted funds**

The income funds of the charity include restricted funds comprising the following unexpended balances to be applied for specific purposes:

	At 30 July 2014 £'000	Incoming resources £'000	Expenditure, gains, losses and transfers £'000	At 31 December 2015 £'000
Big Lottery Fund Grant Budget for Growth Fund	—	158	(121)	37
<b>Set-up phase grants</b>				
Big Lottery Fund	—	80	(80)	—
Cabinet Office	—	80	(80)	—
	—	318	(281)	37



**17 Restricted funds (continued)**

The specific purposes for which the funds are to be applied are as follows:

**Big Lottery Fund Income**

This is funding for the administration and servicing of the Growth Fund. This includes the launch and promotion of the grant process, development and hosting of webpages, provision of support and guidance to social lenders and promotion of awareness of the Programme.

**Set-up phase grants:**

These grants were provided by the Big Lottery Fund and the Cabinet Office for the purpose of setting up Access and included activities such as legal fees and consultancy, recruitment, marketing and website development. These funds were fully utilised during the set-up phase.

**18 Analysis of net assets between funds**

	General funds £'000	Restricted funds £'000	Endowment funds £'000	Total 2015 £'000
<b>Fund balances at 31 December 2015 are represented by:</b>				
Tangible fixed assets	2	—	—	2
Net current assets	174	37	35,816	36,027
<b>Total net assets</b>	<b>176</b>	<b>37</b>	<b>35,816</b>	<b>36,029</b>

**19 Pension commitments**

The charity operates a personal pension scheme which is a defined contribution scheme whereby the charity contributes 8% of salary, on the basis of a minimum employee contribution of 4%. Staff are eligible to join the scheme at the start of their employment. The scheme is managed by Royal London.

The total contributions payable by the charity was £11,206.

**20 Ultimate parent undertaking**

Big Society Trust is considered to be the ultimate parent undertaking of the charity.

Access – The Foundation for Social Investment is a charity and company limited by guarantee, with one legal member, the Big Society Trust. The Big Society Trust is also the parent company of Big Society Capital.

In the event of the charity being wound up Big Society Trust would be required to contribute an amount not exceeding £1.

**21 Related party transactions**

Other than those transactions detailed in note 10 above, there were no other related party transactions during the period.