

**Access – The Foundation for  
Social Investment**

Annual Report and Accounts

31 December 2018

Charity Registration Number  
1159699  
Company Registration Number  
09153909

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

<b>Trustees</b>	John Kingston OBE Annika Small OBE Arvinda Gohil David Curtis Lorraine Oldroyd Stephen Wyler OBE (resigned 18 April 2018) Victoria Hornby Martin Rich Susan Cooper
<b>Principal office</b>	New Fetter Place 8-10 New Fetter Lane London EC4A 1AZ
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<b>Charity registration number</b>	1159699
<b>Company registration number</b>	09153909
<b>Auditor</b>	Buzzacott LLP 130 Wood Street London EC2V 6DL

## **Trustees' report** Year to 31 December 2018

The trustees present their statutory report together with the accounts of Access – The Foundation for Social Investment for the year ended 31 December 2018.

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*

We work to make charities and social enterprises in England more financially resilient and self-reliant, so that they can sustain or increase their impact.

We do this through supporting the development of enterprise activity to grow and diversify income, improving access to the social investment which can help stimulate that enterprise activity; and sharing the learning from how these programmes work.

Access will be around for a decade, but the need for this work will continue well beyond that. So our approach is to work through others to create partnerships which can outlive us, test and learn from new approaches, and generate knowledge which improves the work of others seeking the same goals.

We are in the second phase of our ten-year life and have an ambitious strategy in place. We have learned a great deal from our first few years, and have made a commitment to spend the majority of our endowment over this main middle phase of our life.

We have three main strands to our work:

#### **1. Capacity Building**

Funding a broad range of activities in partnership with other foundations, social investors, sector infrastructure bodies and enterprise advisors. This support aims to help charities and social enterprises to earn more of their own income through enterprising activity and specifically develop business models which can be further supported through utilising social investment. This work includes enterprise development, investment readiness and impact management support.

**Strategic report** (continued)

**Introduction** (continued)

**2. Blended Finance**

Managing and promoting blended finance models, including the Growth Fund, which bridge the gap between charities and social enterprises on one side and social investors on the other. These models help make the social investment easier to find and more relevant for charities and social enterprises, and help social investment reach parts of the sector which are yet to benefit.

**3. Listening, Learning and Sharing Knowledge**

Learning from our programmes and listening to the changing investment needs of the sector in order to influence our future work and that of others who support charities and social enterprises; and building systems which make that knowledge easier to understand and use for the long term.

In addition to these three core activities, we seek to achieve social impact in everything we do, and take a "Total Impact" approach. Most significantly, we are investing our expendable endowment and any other funds received, 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 National Lottery Community Fund (previously known as the Big Lottery Fund), Big Society Capital and the Cabinet Office. During the course of 2016, responsibility within government for the Cabinet Office grant agreement with Access moved to The Department for Culture, Media and Sport (DCMS).

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.

**Activities and specific objectives**

*Review of performance and achievement*

This report covers the third full year of programme delivery, and shows the progress we have made towards our long term vision. In 2018, we continued to see the impact of our work, most significantly investments being made at scale in charities and social enterprises. Our Capacity Building programmes increased their activity and we launched two one-year pilot programmes (Enterprise Grants and Enterprise Learning) supporting enterprise development activity in the Homelessness and Youth sectors. We shared our learning via a number of publications and events and we have continued to invest as much as possible of our endowment into charities and social enterprises; with 47% invested in this way at year-end.

## 1. Capacity Building

Our Capacity Building programmes are aimed at supporting the development of enterprising activity within charities and social enterprises in England and specifically develop business models which can be further supported through utilising social investment. To date these programmes have provided support to help organisations make a transition to new enterprise models, or grow existing ones, with a focus helping organisations manage repayable finance, and on supporting the management of impact within organisations to better enable them to access finance. These programmes are funded by an expendable endowment from DCMS, to be spent down over ten years.

By the end of 2018:

- ◆ The Reach Fund (run by the Social Investment Business) was extended in October 2018 for a further three years, following positive results from an initial two year pilot programme. The Reach Fund provides development grants for charities and social enterprises seeking to raise social investment. The grants are available via a range of approved social investors who act as Access Points;
  - ◇ 25 Access Points had been appointed, who can refer charities and social enterprises into the programme
  - ◇ Since the fund launched in 2016, 252 grants have been awarded, with a total value of £3.48m, at an average of £13.9k per grant.
  - ◇ A learning report evaluating the first two years of the programme and its design was completed with a learning event held in February 2019.
- ◆ The Impact Management Programme (run by New Philanthropy Capital and a group of partners) offered grants for organisations to develop their impact management strategy to help them raise investment, and also developed a "Pathway to Impact" to make it easier for charities and social enterprises to use existing tools to develop their impact approach in a self-service way;
  - ◇ £1.8m of grants had been awarded to 40 charities and social enterprises.
  - ◇ Following a co-design process with more than 100 charities and social enterprises, launched [impactsupport.org](https://impactsupport.org) to support organisations to get started with impact management techniques with minimal external input.
- ◆ The Connect Fund (run by Barrow Cadbury Trust) continued to strengthen the social investment market in England to better meet the needs of charities and social enterprises. It provides a range of grants and investments:
  - ◇ Since the fund launched, 46 grants have been awarded, with a total value of £2.05m.
  - ◇ The Connect Fund made its first social investment, a £50k convertible loan note, to support the development of software allowing social investors to better manage their portfolios..

- ◆ The Enterprise Development Programme provides a broad range of support for charities and social enterprises, helping them make a transition to new enterprise models, or grow existing ones. We launched two year-long pilots in September 2018 for organisations in the Youth and Homelessness sectors. Enterprise Grants is run by Social Investment Business and will award grants of £1.85m over the course of the pilot. Enterprise Learning is a leadership peer-learning initiative which offers business support and expert guidance to 40 leaders of charities and social enterprises, and is run by the School for Social Entrepreneurs;
  - ◇ Enterprise Grants awarded 27 grants totalling £366k
  - ◇ 40 leaders were selected across the Homelessness and Youth sectors to take part in Enterprise Learning from January 2019.

## 2. Blended Finance

Our current Blended Finance programme, The Growth Fund, tackles the gap in the supply of small loans, of under £150,000, for charities and social enterprises. We do this by providing a blend of loan and grant capital to social investors in England allowing them to offer simple investment products for the sector.

The loan financing is provided by Big Society Capital, blended with the grant funding provided by the National Lottery Community 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 (JIC) decides who will receive finance from the Growth Fund. The committee includes representation from Access, the National Lottery Community Fund and Big Society Capital.

By the end of 2018, the Growth Fund was fully committed, with £50m committed across 16 different funds, covering a wide range of different places and sub-sectors, seeking to support charities and social enterprises in different ways. Of these, fourteen funds were live totalling £43m with the remaining two funds preparing to launch in early 2019.

The live funds had received a total of 1,926 enquiries from charities and social enterprises, approved 303 applications and made 239 investments worth a total of £15.2m. The median turnover of organisations who have received investment through the Growth Fund is £234k, employing a median of 5 FTE. As the funds ramp up their activity we expect to see a peak of lending activity under the Growth Fund in the latter part of 2019/early 2020 and new loans continuing to be made until at least 2021.

By the end of 2018 we had drawn £7.1m from the National Lottery Community Fund and paid out £6.9m to the social investors, with the balance of £0.2m held in Access' bank account for onward submission to the social investors in early 2019.

In September 2018, Access was granted an additional £10m from dormant bank accounts to blend with circa £15m of Big Society Capital funds, to create a Place-Based Blended Finance Programme. Together with BSC, we have been in the design phases of this programme during 2018, and it will launch in 2019.

### 3. Listening, Learning and Sharing Knowledge

Sharing learning and knowledge is central to Access's impact and legacy.

During the course of the year we have:

- ♦ Sought to develop the way we share our data and the performance of our programmes, including the publication of quarterly dashboards.
- ♦ Published the lessons learned from our work via regular blog updates.
- ♦ Continued to support Good Finance (part-funded by Access) which has further developed its role as a key resource for the sector in navigating the market.

### 4. Total Impact

The trustees are committed to investing the £60M expendable endowment from DCMS to achieve total impact. This means investing to achieve the maximum social impact and, at the same time, ensuring our financial objectives and liquidity requirements are met.

By the end of 2018:

- ♦ We had published our investment policy statement for use by other organisations interest in taking a similar approach.
- ♦ Rathbones had invested £43m in funds and bonds on our behalf to transfer back to Access to fund our capacity building programmes.
- ♦ Of the Rathbones investment, 47% was in charities and social enterprises delivering social impact in the UK, 18% was in other organisations delivering social impact, and 34% was in other bonds and funds considered best in class for a range of environmental, social and governance (ESG) indicators.
- ♦ We had regularly published a full list of investments held in charities and social enterprises, in the interests of transparency.

#### *Future objectives and planned activities*

Access published the strategy for the next five years of our life in March 2018, over which time we intend to deploy the majority of our grant funding.

Our programmes are expanding to offer a much broader range of support to charities and social enterprises seeking to develop their enterprise activity and seeking finance to do so. Our Capacity Building Programmes are increasingly focussing on supporting the development of enterprising activity in the sector.

#### 1. Capacity Building

As part of our Enterprise Development Programme, we have committed £40m over the next five years to build the capacity of charities and social enterprises to be more



enterprising. This support will be built on a foundation of growing the information and knowledge base across the sector, and in specific sub-sectors and places, about what enterprise opportunities really look like, how they grow, who the customers are, how profitable different activities can be, what the impact on the organisation might be, and crucially the financing requirements of those enterprise models.

During 2019 we will:

- ◆ Continue to deliver our suite of products providing enterprise development support to the homelessness and youth sectors, and extend that support to additional sectors. This support will include developing a knowledge base about the business models which are working in each sector, peer mentoring and learning opportunities, grant support at various stages of the journey and professional advice where required. This will continue to be a collaborative endeavour, working with a broad range of other foundations, sector infrastructure bodies, peer networks, social investors and advisors. Charities and social enterprises will play a key role in continuing to influence the design of the support and, as it evolves over time, in governing the programme.
- ◆ Continue to support the Connect Fund with a particular focus on building on successful activity funded in the past two years, identifying and filling remaining gaps in provision, and financing the development of new support products. We anticipate the Connect Fund will commit a further £1m in grants in 2019.
- ◆ Continue supporting our delivery partners from the Impact Management Programme as they continue to establish the next phase of delivery of Inspiring Impact, launching an integrated new website and running a series of UK-wide events. The remaining £75k (of £1.8m) of the Impact for Growth strand will be committed in this way.
- ◆ Support our delivery partner and the Access Points in delivery of the Reach Fund.

## **2. Blended Finance**

We believe that Blended Finance can bridge the gap between charities and social enterprises on one side and social investors on the other. We aim to help make social investment easier to find and more relevant for charities and social enterprises and want to help social investment reach parts of the sector which are yet to benefit.

### *The Growth Fund*

With all Growth Fund social investors now approved and either operational or to launch early in 2019, remaining amounts of uncommitted grant will be retained to top-up some of the funds that need it in the future. As we are now in the portfolio management phase of the Fund, our focus will be to:

- ◆ Continue supporting the social investors delivering the Growth Fund through building an active peer community. We will encourage the sharing of best practice and learning and if possible, put in place shared solutions.

- ◆ Continue to simplify the process for our social investors and in particular the charities and social enterprises who receive loans from the Growth Fund. We aim to absorb as much complexity as possible. We will continue to invite and respond to feedback on how this can best be done.
- ◆ Gather as much evidence as possible from the programme and share that learning widely, ever mindful of the burden data collection can place on the social investors and charities and social enterprises.
- ◆ Manage performance of the social investors, adding value with our analysis, scrutiny and reporting requirements
- ◆ Consider how best to encourage new sources of funds into the market to increase the supply of blended finance available for social investment as the Growth Fund supply starts to diminish after the next 12 months.

*Place-based Blended Finance Programme (Local Access)*

In early 2018, it was announced by the Government that Access would receive an additional £10m of grant funding from dormant bank accounts. These funds were received in September 2018 and will be blended with circa £15m of Big Society Capital funds, to create a Place-Based Blended Finance Programme, known as Local Access. Together with BSC, we have been in the design phases of this programme during 2018 and expect to go live in early 2019.

These funds will allow us to build on what we have learned through the Growth Fund and we will focus on providing the sort of finance that many charities and social enterprises, in particular smaller and medium sized ones, most need. Alongside this new money we have also ring-fenced £8m of our endowment, to allow capacity building and enterprise development activity to be directly aligned to the new blended finance funds, and to be spent during the remaining life of Access. We will focus our work in disadvantaged communities, learning how enterprise development support and social investment can most usefully help in those places.

**3. Listening, Learning and Sharing Knowledge**

Our learning will centre on what works for charities and social enterprises when it comes to enterprise development and social investment.

Over the next five years, Access will continue to build its role as a learning organisation. We will focus on listening to the changing needs of charities and social enterprises, extracting as much knowledge as possible from our programmes and that of others, making that knowledge available in a way that is useful for charities and social enterprises, and influencing key actors in the social investment value chain and beyond.

To enable this to happen we are:

- ◆ Building the systems and tools to make data about enterprise models which work, and about real social investment deals meaningful for charities and social enterprises

- ◆ Working closely with our learning partner to ensure learning is embedded into our programmes, both in evaluation of existing programmes and in the design of our new ones.
- ◆ Continuing to publish regular data on the performance of our programmes and more in-depth learning when available
- ◆ Supporting Good Finance to guide charities and social enterprises with their decision making about social investment, with an average of 3,156 website users each month plus engagement through events and other platforms.

**4. Total Impact**

During 2019 we will continue to work closely with Rathbones to ensure that:

- ◆ We are maximising the opportunities for investing our endowment in line with our mission;
- ◆ Our portfolio is performing as expected and producing required returns; and
- ◆ The social impact of our portfolio is well understood and best practice impact measurement reporting is developed and shared
- ◆ Our endowment management approach is shared with other foundations throughout the year via workshops and conferences.

## 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 one of this annual report and accounts, and brief biographical details on each of the current trustees are given below.

John Kingston OBE, Chair	John was the Founder Director of CAF Venturesome, the Charities Aid Foundation's pioneering social investment fund (2001 - 2011). He chaired the Association of Charitable Foundations from 2010 to 2014, was a non-executive director of Big Society Capital until July 2015 and was a Senior Adviser at Social Finance until September 2015. Earlier in his career, he was a Director of Save the Children UK and before that worked for 3i Group PLC inter alia. He is a Trustee of HelpAge International and Chair of ReConnections Ltd, a project working to reduce loneliness in older people in Worcestershire.
Annika Small OBE	Annika is Co-Founder and Director of CAST, a non-profit focused on accelerating the use of technology to drive social change. Prior to CAST, Annika was founding CEO of Nominet Trust which, under her leadership, invested more than £25m in early-stage ventures that deploy technology for social innovation. Before this, Annika founded Generation Global which is now operational in more than 25 countries, using technology to bring together young people from different cultures to learn directly with, from and about each other. Previously Annika was CEO of Futurelab, which develops radically new approaches to teaching and learning using technology. Annika is a Trustee of the Design Council, a Trustee of Founders4Schools and a Non-Executive Director of Lightful. Annika brings to Access her first-hand experience of supporting early-stage social ventures to develop and grow as well as a strong track record in social innovation.
Arvinda Gohil	Arvinda is the Chair of the Peel, a charity that's been building a connected community in Clerkenwell since 1898. She was previously Chief Executive of Community Links, a social action and advocacy charity based in East London, where she has developed the organisation's capacity and structured a strategic partnership with a national charity called Catch22. Arvinda has worked in the not for profit and charitable sector all of her working life. She was previously Chief Executive of Emmaus UK, where she led the introduction of social investment to member organisations. Prior to this, she ran her own consultancy for five years, specialising in governance, leadership and equalities. Previous roles include Membership Services Director at the National Housing Federation; Assistant Director for Regulation at the Housing Corporation and Chief Executive of two Housing Associations. Arvinda has also worked in South Africa where she assisted in developing a social housing model.

**Governance, structure and management** (continued)

**Governance** (continued)

David Curtis	David is Chief Financial Officer of LivingLens, a technology business which helps unlock insights in people's stories for the world's leading market research agencies and brands. Previously, David has led the growth of scale ups, both within commercial and social enterprise settings. This includes his time as co-founder and MD of Timewise, the ground-breaking social enterprise group 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 the early stages of its growth, supporting the development of the emerging social investment market in the UK.
Lorraine Oldroyd	Whilst in full time employment Lorraine headed up the executive team at Key Fund Investments, a social enterprise specialising in the provision of patient and blended capital to small to medium sized social businesses coupled with a client centred approach to development. Lorraine consequently spent time working at national level, firstly supporting the then CDFA in its work with the Regional Development Fund and then with work launching an affordable personal finance programme being developed in partnership with private sector organisations, and intended to adopt on-line, fast, fair and flexible services, provide by social lenders. Previously to working in the Social Sector, Lorraine had a broad range of work commitments in the area of resource management in the industrial, education and HM Services sectors.
Victoria Hornby	Victoria is Chief Executive of Mental Health Innovations, a new charity building a portfolio of innovative, digital mental health services. She was previously Director of Grants and Evaluation for the Royal Foundation of the Duke and Duchess of Cambridge and Prince Harry, and Senior Executive at the Sainsbury Family Charitable Trusts. Victoria has served as a member of the investment committees of Venturesome, Futurebuilders and Charity Bank. Current non-executive roles include: Director, Social Finance, Adviser to the Charles Dunstone Charitable Trust and a Trustee of Bridges Charitable Trust.

Martin Rich	Martin is the Co-founder and Executive Director of Future-Fit Foundation, a non-profit focused on creating a truly sustainable future. Before this he spent seven years as Sales Director of Social Finance Limited where he focused primarily on developing the investor base for social impact investments and also served as a member of the Asset Allocation Working Group for the G7 Social Investment Task Force. Martin previously spent over 12 years in international investment banking working on structured finance products for UBS, JPMorgan and HSBC. He has a passion for sustainable development and poverty relief and is engaged in a range of trustee, investment committee and advisory roles, including as a member of the Social Investment Business Assets and Liabilities Committee, helping to oversee the investments of the Futurebuilders and Modernisation funds.
Susan Cooper	Susan specialises in working with charities and social enterprises and is passionate about the difference these organisations can make, both in local communities and in society as a whole. Her business skills and knowledge come from a career in banking. For the past 18 years she has worked with charities and social enterprises for Triodos Bank UK and as CEO of a similar regulated finance organisation in New Zealand. Returning to the UK she set up a new social investment programme for an endowed charitable foundation. Sue is based in Bristol and works as a consultant and non-executive director.

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.

The Board has fully adopted the Charity Governance Code and ensures compliance through regular review. The Board of Trustees reviews its own performance on an annual basis, including that of the Chair, and acts on any feedback received as a result of the evaluation process. In the final quarter of 2018, the Board commissioned an independent, external review of their performance and will incorporate any findings in 2019.

**Governance, structure and management** (continued)

***Key management personnel***

The key management personnel of Access comprises the trustees, the Chief Executive and senior leadership team. Remuneration is overseen by the Audit, Risk and Compliance Committee (ARCC). In order to ensure that the remuneration policy reflects the charitable sector that it serves, Access staff 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.

## **Governance, structure and management (continued)**

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

Access is a charity and company limited by guarantee, with one legal member, the Big Society Trust. The Big Society Trust is also the majority shareholder 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 six 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, Risk and Compliance Committee (ARCC) is one of two formal subcommittees of the Board, comprising three trustees and one external member. The ARCC 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. The ARCC meets four times a year.

The Endowment Investment Committee (EIC) comprises three trustees and two external advisors. The EIC is responsible for the relationship with our investment managers (Rathbones), and its role is to monitor both the social impact and financial performance of the social investments that are being managed on Access' behalf by Rathbones from the endowment funds provided by DCMS and the treasury management of the dormant account funds. The EIC meets four times a year.

### ***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 ARCC 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.

The key performance risk, which has been identified which may impact on our ability to achieve our objectives, is that :

The social investors making loans under the Growth Fund may fall behind their deployment schedules that the terms of the deals were based on. Slow or reduced deployment of loans impacts the feasibility of the social investor's fund and may render their operations unsustainable. To mitigate this, there is an active portfolio management process in place and a framework is in development for decisions concerning any breach in the terms of investment made in the social investors. Access monitors performance quarterly including performance against targets and encourages active pipeline management.



## **Governance, structure and management (continued)**

### **Grant making policy**

Access is able to award grants in a variety of ways, namely via the Growth Fund, Capacity Building programmes or for research work as part of the Learning, Listening and Sharing Knowledge strand. In awarding grants, we apply 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.

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

Applications must be submitted in accordance with our 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.

### **Investments**

The Capacity Building programmes, Listening, Learning and Sharing Knowledge (Market Championing) work, and a portion of Access' running costs is funded via an expendable endowment, granted by DCMS. 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.

Rathbones were appointed our asset managers in early 2016 and at year end, they had £42.3m of our assets under management. Rathbones manages our endowment in accordance with our Investment Policy Statement (IPS). The IPS details the financial and social objectives of the portfolio, as well as any constraints that Rathbones needs to adhere to. It includes guidance on the permitted investments, liquidity requirements, risk management, benchmarking considerations, roles and responsibilities and reporting requirements.

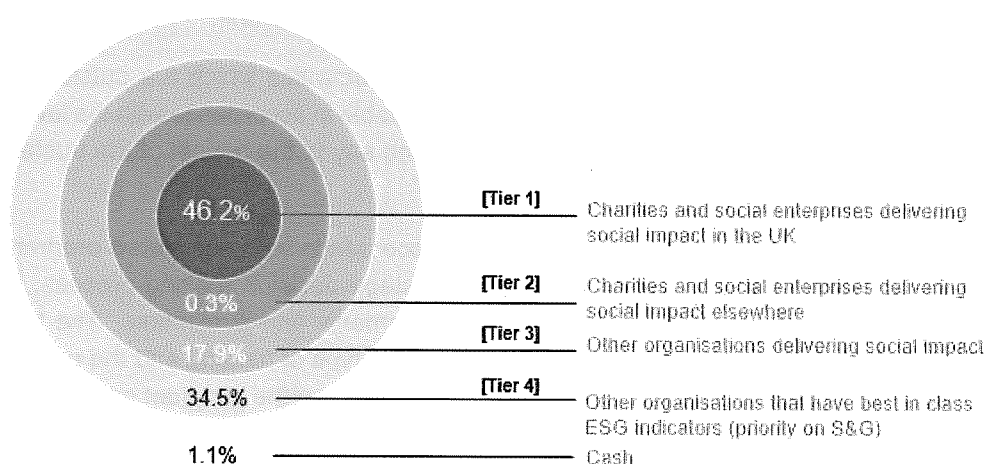
In terms of the impact that the portfolio will seek to achieve, we have adopted a tiered view of the varying degrees of impact. In descending order, Access invests in:

1. Charities and social enterprises delivering social impact in the UK – at 31 December 2018 this was 46.2% of total investments (Tier 1 or referred to as the "bull's eye")

### Investments (continued)

2. Charities and social enterprises delivering social impact elsewhere – at 31 December 2018 this was 0.3% of total investments (Tier 2)
3. Other organisations delivering social impact – at 31 December 2018 this was 17.9% of total investments (Tier 3)
4. Other organisations that have best in class Environmental, Social and Governance (ESG) indicators (with a priority on S&G) – at 31 December 2018 this was 34.5% of total investments (Tier 4)

This is best represented by a diagram shown below:



### Investment performance

Rathbones continued to act as our asset manager throughout 2018. At 31 December 2018, the market value of these investments stood at £42.3m which included cash held of £0.5m. The cost of these investments amounted to £43.5m, and there was an unrealised loss on the change in market value of £1.91m. Income from this investment portfolio amounted to £1.74m.

It was decided to write off the investment held in Our Power Energy Supply Limited, which ceased trading in January 2019, in the 2018 financial year. At this stage, it is not considered probable that any portion of the investment will be recovered and the full market value of £466k has been written off. Without this write-off, the 2018 total weighted return (TWR) would have been 0.34%. Although the target TWR per year is 2-3%, the portfolio is built on a cash flow matching basis over the life of the portfolio and hence year-on-year performance is of lesser importance. The trustees are satisfied with the performance of the investments, both in terms of financial return and social impact generated. 2018's TWR (post the investment write off) is calculated at -0.75%.

## **Financial review**

### ***Results for the period***

The Statement of Financial Activities (SOFA) shows that Access' surplus for the year, before investment gains and losses, was £9.05m (2017 - £2.69m), which primarily consists of the receipt of dormant account funds of £10m and the fourth tranche of the expendable endowment from DCMS of £4.2m (2017 - £4.2m). The remaining portion of the £60.65m endowment will be received over the next two years.

The endowment will be spent over the next seven years on our Capacity Building and Listening, Learning and Sharing Knowledge work with the majority being spent over the next four to five years. It will also be used to part fund the running costs of Access. The dormant account funds will fund the Place Based Blended Finance programme currently in development with Big Society Capital and is expected to be spent over the next five to seven years.

During the year to 31 December 2018, £5.26m of grants were paid and are included within project costs of Capacity Building; £887k was paid for project management, and £216k on Listening, Learning and Sharing Knowledge. The project management costs relate to the functioning of robust and effective programmes and include the costs of partner organisations administering the programmes on our behalf. The proportion of our costs that are paid out as grants to charities and social enterprises will continue to increase in the years ahead.

There is a larger surplus in the year to 31 December 2018 due to the receipt of £10m of dormant account funds to deliver the Place Based Blended Finance programme. No equivalent was received in 2017. The tranche of the endowment received in the previous year and current year is unchanged (£4.2m). Our office running costs are relatively low due to the fact that we are a lean organisation employing just six Full Time Equivalent (FTE) staff who oversee all of our programmes and activities. The average FTE decreased to 4.53 (2017 – 5.48) as two On Purpose associates were hired for consecutive 6 month contracts in 2017 with no similar arrangement in 2018.

Other sources of income include investment income of £1.74m (2017 - £1.56m) and income of £127k (2017 - £178k) earned as a result of the Service Level Agreement in place with the National Lottery Community Fund for running the Growth Fund.

Staff costs for the year were £332k (2017 - £324k) and these were contributed to by the Endowment (£258k) and the National Lottery Community Fund (£74k).

Costs incurred of £133k (2017 - £159k) on raising funds, relate to the fees paid for the management of the short term deposit accounts and fees paid to investment managers, Rathbones for the management of the investment portfolio.

***Reserves policy and financial position***

The balance sheet shows total funds of £52.90m (31 December 2017 - £45.77m).

These funds include expendable endowment funds of £39.45m (2017 - £43.93m). Whilst the income from these funds may be used for general purposes of the charity, it has been retained within the endowment fund to be used over the next seven 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 £10.0m (2017 - £nil) which is restricted. In the prior year, restricted funds related to monies received from the National Lottery Community Fund for the specific purposes of part-funding the running costs of Access. In the current year, this relates to the receipt of dormant account funds to fund a Place Based Blended Finance programme. Full details of restricted funds can be found in note 15 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 2018 total £3.45m (2017 - £1.83m). These funds are represented by tangible fixed assets with a net book value of £1k and with the remainder being "free reserves".

The majority of Access' grant making programmes and running costs will be funded via an expendable endowment of £60.65m from DCMS. £51.75m of the endowment has been received to date with the remainder due over the next two years. This £60.65m will in turn be spent over the next seven 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 year ended 31 December 2018 Access received an additional £10m of cash from UK dormant account funds, which is presented as a restricted fund and will be used in the coming years to establish a new Place-Based Blended Finance Programme (to be known as Local Access).

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.

**The charity's assets**

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

## Trustees' report Year to 31 December 2018

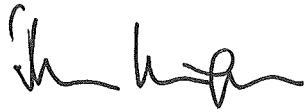
### Auditors

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:

A handwritten signature in black ink, appearing to read 'John Kingston', written over a horizontal line.

John Kingston  
Trustee

Approved by the trustees on: 10 April 2019

**Independent auditor's report to the members of Access – The Foundation for Social Investment**

**Opinion**

We have audited the financial statements of Access – The Foundation for Social Investment (the 'charitable company') for the year ended 31 December 2018 which comprise the statement of financial activities, the balance sheet, and statements of cash flows, the principal accounting policies and notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- ◆ give a true and fair view of the state of the charitable company's affairs as at 31 December 2018 and of its income and expenditure for the year then ended;
- ◆ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- ◆ have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

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

**Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- ◆ the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- ◆ the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

## **Independent auditors' report Year to 31 December 2018**

### **Other information**

The trustees are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

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

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

- ◆ the information given in the trustees' report including the strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- ◆ the trustees' report including the strategic 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 charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report including the strategic report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

### **Responsibilities of trustees**

As explained more fully in the trustees' responsibilities statement, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

### **Use of our report**

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



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

15/4/19



## Statement of financial activities Year to 31 December 2018

	Notes	Unrestricted funds £ '000	Restricted funds £'000	Endowment funds £'000	2018 Total funds £'000
<b>Income and endowments from:</b>					
Grants and other sources for charitable activities	1	—	10,127	4,200	<b>14,327</b>
Investments	2	1,738	—	—	<b>1,738</b>
<b>Total income</b>		<b>1,738</b>	<b>10,127</b>	<b>4,200</b>	<b>16,065</b>
<b>Expenditure on:</b>					
Raising funds	3	—	—	133	<b>133</b>
Charitable activities	4	—	—	6,418	<b>6,418</b>
. Capacity Building		—	—	—	
. Blended Finance		124	127	—	<b>251</b>
. Listening, Learning & Sharing Knowledge		—	—	216	<b>216</b>
<b>Total expenditure</b>		<b>124</b>	<b>127</b>	<b>6,767</b>	<b>7,018</b>
<b>Net income (expenditure) for the year before losses on investments</b>	6	<b>1,614</b>	<b>10,000</b>	<b>(2,567)</b>	<b>9,047</b>
<b>Net investment losses</b>	11	<b>—</b>	<b>—</b>	<b>(1,914)</b>	<b>(1,914)</b>
<b>Net income and net movement in funds</b>		<b>1,614</b>	<b>10,000</b>	<b>(4,481)</b>	<b>7,133</b>
<b>Reconciliation of funds:</b>					
<b>Total funds brought forward</b>		<b>1,834</b>	<b>—</b>	<b>43,933</b>	<b>45,767</b>
<b>Total funds carried forward</b>		<b>3,448</b>	<b>10,000</b>	<b>39,452</b>	<b>52,900</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.

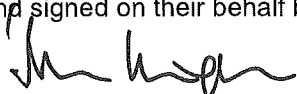
# Statement of financial activities Year to 31 December 2018

	Notes	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	2017 Total funds £'000
<b>Income and endowments from:</b>					
Grants and other sources for charitable activities	1	—	280	4,200	4,480
Investments	2	1,562	—	—	1,562
<b>Total income</b>		<b>1,562</b>	<b>280</b>	<b>4,200</b>	<b>6,042</b>
<b>Expenditure on:</b>					
Raising funds	3	—	—	159	159
Charitable activities	4				
. Capacity Building		—	81	2,722	2,803
. Blended Finance		25	221	—	246
. Listening, Learning & Sharing Knowledge		—	—	148	148
<b>Total expenditure</b>		<b>25</b>	<b>302</b>	<b>3,029</b>	<b>3,356</b>
<b>Net income for the year before losses on investments</b>	6	<b>1,537</b>	<b>(22)</b>	<b>1,171</b>	<b>2,686</b>
<b>Net investment gains</b>	11	<b>—</b>	<b>—</b>	<b>419</b>	<b>419</b>
<b>Net income and net movement in funds</b>		<b>1,537</b>	<b>(22)</b>	<b>1,590</b>	<b>3,105</b>
<b>Reconciliation of funds:</b>					
<b>Total funds brought forward</b>		<b>297</b>	<b>22</b>	<b>42,343</b>	<b>42,662</b>
<b>Total funds carried forward</b>		<b>1,834</b>	<b>—</b>	<b>43,933</b>	<b>45,767</b>

**Balance sheet** As at 31 December 2018

	Notes	2018 £'000	2018 £'000	2017 £'000	2017 £'000
<b>Fixed assets</b>					
Tangible assets	10		1		1
Investments	11		42,298		45,511
			42,299		45,512
<b>Current assets</b>					
Debtors due within one year	12	91		196	
Cash at bank and in hand		10,826		692	
		10,917		888	
<b>Creditors:</b> amounts falling due within one year	13	(316)		(633)	
<b>Net current assets</b>			10,601		255
<b>Total net assets</b>			52,900		45,767
<b>The funds of the charity:</b>					
Endowment funds	14		39,452		43,933
Restricted funds	15		10,000		—
Unrestricted funds					
. General fund			3,448		1,834
			52,900		45,767

Approved by the trustees  
and signed on their behalf by:



John Kingston  
Trustee

Approved on: 10 April 2019

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

## Statement of cash flows Year to 31 December 2018

	Notes	2018 £'000	2017 £'000
Cash provided by operating activities	A	7,097	1,047
Cash provided by (used in) investing activities	B	2,513	(4,095)
Change in cash and cash equivalents in the year	C	9,610	(3,048)
Cash and cash equivalents at 1 January 2018		1,709	4,757
Cash and cash equivalents at 31 December 2018		11,319	1,709

### Notes to the statement of cash flows for the year to 31 December 2018

#### A Reconciliation of net movement in funds to net cash provided by operating activities

	2018 £'000	2017 £'000
Net movement in funds	7,133	3,105
Depreciation charge	1	1
(Losses) gains on investments	1,914	(419)
Investment income	(1,738)	(1,562)
Increase (decrease) in debtors	105	(11)
(Decrease) increase in creditors	(318)	(67)
<b>Net cash provided by operating activities</b>	<b>7,097</b>	<b>1,047</b>

#### B Gross cash flows from investing activities

	2018 £'000	2019 £'000
<b>Investing activities</b>		
Payments to acquire tangible fixed assets	(1)	(1)
Disposal of tangible fixed assets	1	—
Investment income	1,738	1,562
Purchase of investments	(4,715)	(8,303)
Proceeds from disposals of investments	5,490	2,647
<b>Net cash provided by investing activities</b>	<b>2,513</b>	<b>(4,095)</b>

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

	At 31 December 2017 £'000	Cash flows £'000	At 31 December 2018 £'000
Cash held by investment managers	692	(199)	493
Cash at bank and in hand	1,017	9,809	10,826
<b>Total</b>	<b>1,709</b>	<b>9,610</b>	<b>11,319</b>

## **Principal accounting policies** Year ended 31 December 2018

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 year to 31 December 2018.

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 for Capacity Building are expendable funds that are specifically restricted to such activity. These income funds are put on deposit and invested prior to expenditure and have been included as endowment funds. In the year ended 31 December 2018 the charity received £10m of cash from dormant account funds, which is recognised in full in the year and presented within restricted funds, on the basis that it should be used to create a specific Blended Finance Programme.

The National Lottery Community Fund Grant Budget for Growth Fund is considered a performance related grant on account of the service level agreement in place with the National Lottery Community Fund. 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 of 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 comprises 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. Included within support costs are governance costs which comprises audit fees, legal fees, recruitment expenses and trustees' remuneration and expenses reimbursed. All expenditure is inclusive of irrecoverable VAT.

## **Principal accounting policies** Year ended 31 December 2018

### **Tangible fixed assets**

All assets (other than IT equipment) costing more than £1,000 and with an expected useful life exceeding one year are capitalised. IT equipment costing more than £350 and with an expected useful life exceeding one year is capitalised.

Tangible fixed assets are capitalised and depreciated at the following annual rates in order to write them off over their estimated useful lives:

- ♦ Computer and similar equipment 33.3% per annum based on cost

### **Fixed asset investments**

Investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value. The fair value of fixed asset investments quoted in an active market is determined by reference to the official exchange or clearing house settlement prices at the close of business on the balance sheet date. For fixed asset investments that do not have official exchange settlement prices, the fair value is determined by reference to third party market values on the balance sheet date, determined by independent brokers. Those holdings for which there is no active market are valued at cost less any impairment.

The charity does not acquire put options, derivatives or other complex financial instruments.

One of the main forms of financial risk faced by the charity is that of volatility in equity markets and investment markets due to wider economic conditions, the attitude of investors to investment risk, and changes in sentiment concerning equities and within particular sectors or sub sectors.

All gains (or losses) on investments are taken to the statement of financial activities as they arise. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value, or the difference between sales proceeds and their opening carrying value or their purchase value if acquired subsequent to the first day of the financial year. Unrealised investment gains and losses are credited (or debited) to the statement of financial activities in the year in which they arise.

### **Debtors**

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

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

Cash at bank and in hand represents such accounts and instruments that are available on demand or have a maturity of less than a month from the date of acquisition. Deposits for more than one month but less than one year have been disclosed as short term deposits. Cash placed on deposit by our investment managers Rathbones (£493k) is disclosed as a fixed asset investment.

**Creditors and provisions**

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

**Fund accounting**

Endowment funds comprise monies which the trustees have the power to convert into income. Investment income therefrom is credited to unrestricted funds and applied for general purposes in line with the requirements of the donor.

Restricted funds comprise monies raised for, or their use restricted to, a specific purpose, or contributions subject to donor imposed conditions.

The tangible fixed assets fund comprises the net book value of charity's tangible fixed assets, the existence of which is fundamental to the charity being able to perform its charitable work and thereby achieve its charitable objectives. The value represented by such assets should not be regarded, therefore, as realisable.

General funds represent those monies which are freely available for application towards achieving any charitable purpose that falls within the charity's charitable objects.

**Pension costs**

The charity operates a defined contribution pension scheme. The amounts charged represent the contributions payable to the scheme in the period.



## 1 Income from grants and other sources for charitable activities

	Restricted funds £'000	Endowment funds £'000	2018 Total funds £'000
DCMS	—	4,200	4,200
Dormant account funds	10,000	—	10,000
The National Lottery Community Fund	127	—	127
<b>2018 Total funds</b>	<b>10,127</b>	<b>4,200</b>	<b>14,327</b>

	Restricted funds £'000	Endowment funds £'000	2017 Total funds £'000
DCMS	—	4,200	4,200
The National Lottery Community Fund	178	—	178
The Gathering	35	—	35
Power to Change Trust	67	—	67
<b>2017 Total funds</b>	<b>280</b>	<b>4,200</b>	<b>4,480</b>

## 2 Income from investments

	Unrestricted funds £'000	Endowment funds £'000	2018 Total funds £'000
Investment income receivable	1,736	—	1,736
Interest receivable	2	—	2
<b>2018 Total funds</b>	<b>1,738</b>	<b>—</b>	<b>1,738</b>

	Unrestricted funds £'000	Endowment funds £'000	2017 Total funds £'000
Investment income receivable	1,562	—	1,562
<b>2017 Total funds</b>	<b>1,562</b>	<b>—</b>	<b>1,562</b>

### 3 Expenditure on raising funds

	Endowment funds £'000	2018 Total funds £'000
Investment manager fees	133	133

	Endowment funds £'000	2017 Total funds £'000
Investment manager fees	159	159

### 4 Expenditure on charitable activities

	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	2018 Total funds £'000
Capacity Building				
. Grants	—	—	5,255	5,255
. Project management costs	—	—	887	887
Support costs (note 5)				
.. Office costs	—	—	63	63
.. Staff costs	—	—	154	154
. Governance costs	—	—	59	59
	—	—	6,418	6,418
Blended Finance				
Support costs (note 5)				
.. Office costs	30	30	—	60
.. Staff costs	72	74	—	146
. Governance costs	22	23	—	45
	124	127	—	251
Listening, Learning and Sharing Knowledge				
. Research costs	—	—	170	170
. Support costs (note 5)				
.. Office costs	—	—	14	14
.. Staff costs	—	—	32	32
	—	—	216	216
<b>2018 Total funds</b>	<b>124</b>	<b>127</b>	<b>6,634</b>	<b>6,885</b>

#### 4 Expenditure on charitable activities (continued)

	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	2017 Total funds £'000
<i>Capacity Building</i>				
. Grants	—	67	1,598	1,665
. Project management costs	—	14	829	843
Support costs (note 5)				
.. Office costs	—	—	90	90
.. Staff costs	—	—	164	164
. Governance costs	—	—	41	41
	—	81	2,722	2,803
<i>Blended Finance</i>				
Support costs (note 5)				
.. Office costs	8	70	—	78
.. Staff costs	14	119	—	133
. Governance costs	3	32	—	35
	25	221	—	246
<i>Listening, Learning and Sharing Knowledge</i>				
. Research costs	—	—	98	98
. Support costs (note 5)				
.. Office costs	—	—	23	23
.. Staff costs	—	—	27	27
	—	—	148	148
<b>2017 Total funds</b>	<b>25</b>	<b>302</b>	<b>2,870</b>	<b>3,197</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 support helps charities and social enterprises to earn more of their own income and specifically develop business models which can be further supported through utilising social investment. This will help 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.

#### Blended Finance:

Access manages and promotes blended finance models, which bridge the gap between charities and social enterprises on one side and social investors on the other. Access provides support and operational services for the Growth Fund, a wholesale finance facility for social investors. The Growth Fund is operated by Access with finance from Big Society Capital and the National Lottery Community 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 reviews and approves applications for this funding. During the year, the only Blended Finance programme was the Growth Fund.

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

**Listening, Learning and Sharing Knowledge:**

These activities enable Access to learn from our programmes and listen to the changing investment needs of the sector in order to influence our future work and that of others who support charities and social enterprises.

5 **Support costs**

Support costs comprise governance costs and other support costs:

	Charitable activities				
	Capacity Building £'000	Blended Finance £'000	Listening, Learning and Sharing Knowledge £'000	2018 Total funds £'000	2017 Total funds £'000
Staff costs	154	146	32	332	324
Governance costs	59	45	—	104	76
Office costs	63	60	14	137	191
	276	251	46	573	591

	2018 Total funds £'000	2017 Total funds £'000	Basis of apportionment
Staff costs	332	324	Head count & role description
Governance costs	104	76	Funding agreements
Office costs	137	191	Head count & role description
	573	591	

6 **Net income**

This is stated after charging:

	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	2018 Total funds £'000	2017 Total funds £'000
Staff costs (note 7)	72	74	186	332	324
Auditors' remuneration	—	—	—	—	—
. Statutory audit assurance	—	9	10	19	15
. Other services	—	1	1	2	2
Depreciation	—	—	1	1	1

## 7 Employee and key management remuneration

### Summary

Staff costs during the period were as follows:

	2018 £'000	2017 £'000
Wages and salaries	237	255
Social security costs	27	29
Other pension costs	30	40
	<b>294</b>	<b>324</b>
Redundancy costs	38	—
	<b>332</b>	<b>324</b>

### Staff numbers

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

	2018 Number	2017 Number
Charitable activities		
. Capacity Building	2.04	2.75
. Blended Finance	2.04	2.18
. Listening, Learning and Sharing Knowledge	0.45	0.55
	<b>4.53</b>	<b>5.48</b>

The average number of employees employed during the year to 31 December 2018 was 5.3 (2017 – 6.5).

### 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:

	2018 Number	2017 Number
£60,001 - £70,000	2	—
£80,001 - £90,000	1	1

The Chief Executive Officer received actual salary of £56.7k (2017 – £83.9k) in the financial year. This was less than the prior year due to a period of parental leave.

### Key management personnel

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

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

**Key management personnel (continued)**

The total cost of employment of the key management personnel of the charity was £193k (2017 – £267k). One of the trustees received remuneration in respect of their services during the period for £10k (2017 – £9.9k). During the period out of pocket travelling expenses amounting to £5.5k (2017 – £6.6k) were reimbursed to 4 (2017 – 5) trustees.

**8 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 year totalled £13,876 (2017 - £13,751) and provides cover of up to a maximum of £2m for professional indemnity insurance and up to £5m for directors and officers liability.

**9 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.

**10 Tangible fixed assets**

	Plant, vehicles & IT equipment £'000	Total £'000
<b>Cost or valuation</b>		
At 31 December 2017	4	4
Additions	1	1
Disposals	(1)	(1)
At 31 December 2018	4	4
<b>Depreciation</b>		
At 31 December 2017	3	3
Charge for period	1	1
Released on disposal	(1)	(1)
At 31 December 2018	3	3
<b>Net book values</b>		
At 31 December 2018	1	1
At 31 December 2017	1	1

## 11 Investments

	2018 £'000	2017 £'000
Market value at 1 January 2018	44,494	38,419
Additions at cost	4,715	8,303
Proceeds from disposals	(5,490)	(2,647)
Net investment (losses) gains *	(1,914)	419
Market value at 31 December 2018	41,805	44,494
Cash held by investment managers	493	1,017
	<b>42,298</b>	<b>45,511</b>
Cost of listed investments at 31 December 2018	<b>43,520</b>	<b>44,219</b>

\* Net investment (losses) for the year ended 31 December 2018 includes a write-off of £466,171 in respect of Access' investment in Our Power Energy Supply Limited (note 20).

Listed investments held a 31 December 2018 comprised the following:

	2018 £'000
UK fixed interest	<b>42,298</b>
	2017 £'000
UK fixed interest	<b>45,511</b>

At 31 December 2018 listed investments included the following holdings, which represented material holdings relative to the market value of the total listed investments portfolio held at that date:

	Market value of holding £'000	Percentage of portfolio %
Wellcome Trust Finance	2,352	5.56
A2D funds plc	2,229	5.27
Greensleeves Homes Trust	2,819	6.67
	Market value of holding £'000	Percentage of portfolio %
Motability Operations Group	2,230	5.01
Edentree Investment Management	2,394	5.38
Kames Capital	3,030	6.81
Greensleeves Homes Trust	2,854	6.41
Rathbone Unit Trust Management	3,462	7.78

All investments were dealt in on a recognised stock exchange.

**Notes to the accounts** Year ended 31 December 2018

**12 Debtors**

	<b>2018</b>	<b>2017</b>
<b>Due within one year</b>	<b>£'000</b>	<b>£'000</b>
Prepayments	89	196
Accrued income	2	—
	<b>91</b>	<b>196</b>

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

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Trade creditors	43	35
Money held as agents (see below)	175	542
Accruals and deferred income	98	56
	<b>316</b>	<b>633</b>

The movement on money held as agents during the year ended 31 December 2018 was as follows:

	<b>2018</b>
	<b>£'000</b>
Funds held as agents as at 1 January 2018	542
Funds received from the Big Lottery Fund	3,345
Fund distributed to investors	(3,712)
Funds held as agents at 31 December 2018	<b>175</b>

	<b>2017</b>
	<b>£'000</b>
<i>Funds held as agents as at 1 January 2017</i>	464
<i>Funds received from the Big Lottery Fund</i>	3,070
<i>Fund distributed to investors</i>	(2,992)
<i>Funds held as agents at 31 December 2017</i>	<b>542</b>

Access holds money received from the Big Lottery Fund in order to distribute it to investors. The grant income and expenditure does not belong to Access and it is therefore not included within the SOFA.



#### 14 Endowment funds

	At 31 December 2017 £'000	Income £'000	Expenditure, gains, losses and transfers £'000	At 31 December 2018 £'000
DCMS	43,933	4,200	(8,681)	39,452
	43,933	4,200	(8,681)	39,452

	At 31 December 2016 £'000	Income £'000	Expenditure, gains, losses and transfers £'000	At 31 December 2017 £'000
DCMS	42,343	4,200	(2,610)	43,933
	42,343	4,200	(2,610)	43,933

The funds were established as follows:

DCMS has donated an expendable endowment fund to Access to support its charitable activities, including Capacity Building, Listening, Learning and Sharing Knowledge and a contribution to running costs. 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.

#### 15 Restricted funds

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

	At 31 December 2017 £'000	Income £'000	Expenditure, gains, losses and transfers £'000	At 31 December 2018 £'000
National Lottery Community Fund Grant	—	127	(127)	—
Budget for Growth Fund	—	10,000	—	10,000
Dormant accounts	—	10,127	(127)	10,000

## 15 Restricted funds (continued)

	At 31 December 2016 £'000	Income £'000	Expenditure, gains, losses and transfers £'000	At 31 December 2017 £'000
<i>National Lottery Community Fund Grant</i>				
<i>Budget for Growth Fund</i>	22	178	(200)	—
<i>Power to Change Trust</i>	—	67	(67)	—
<i>The Gathering</i>	—	35	(35)	—
	22	280	(302)	—

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

### **National Lottery Community Fund (formerly Big Lottery Fund) Income**

This is funding for the administration and servicing of the Growth Fund. This includes the portfolio management of Growth Fund investees, provision of support and guidance to social investors including fostering a community of investees and promotion of awareness of the Programme.

### **Dormant Accounts**

Access has received £10m of grant funding from dormant bank accounts, to be blended with circa £15m of Big Society Capital funds, to create a Place-Based Blended Finance Programme, known as Local Access. The income will be blended with loan capital to be used in disadvantaged places, as well as to fund the running costs of this new programme.

### **Power to Change Trust**

This includes a grant from Power to Change (£100k received in the prior year, with £33k relevant to 2016) to support the Impact Management Programme, part of the capacity building work.

### **The Gathering**

This represents the sales of tickets to participants for The Gathering and a grant from DCMS to part fund the event. (£20k received in 2016, of which £14k was released from deferred income in 2017). The Gathering was a major event held in early 2017, bringing over 130 leaders in the UK social investment market to discuss the challenges and opportunities faced by the sector. Expenditure from this funding included venue hire, as well as various consultancy fees associated with the running of the event.

## 16 Analysis of net assets between funds

	General funds £'000	Restricted funds £'000	Endowment funds £'000	Total 2018 £'000
<b>Fund balances at 31 December 2018 are represented by:</b>				
Tangible fixed assets	1	—	—	1
Investments	2,846	—	39,452	42,298
Net current assets	601	10,000	—	10,601
<b>Total net assets</b>	<b>3,448</b>	<b>10,000</b>	<b>39,452</b>	<b>52,900</b>

	General funds £'000	Restricted funds £'000	Endowment funds £'000	Total 2017 £'000
<b>Fund balances at 31 December 2017 are represented by:</b>				
Tangible fixed assets	1	—	—	1
Investments	1,578	—	43,933	45,511
Net current assets	255	—	—	255
<b>Total net assets</b>	<b>1,834</b>	<b>—</b>	<b>43,933</b>	<b>45,767</b>

	2018 £'000	2017 £'000
<b>Total unrealised gains included above:</b>		
On investments	(1,715)	275
<b>Total unrealised gains at 31 December 2018</b>	<b>(1,715)</b>	<b>275</b>
<b>Reconciliation of movements in unrealised gains</b>		
Unrealised losses at 1 January 2018	275	(111)
Less: in respect to disposals in the year	(58)	75
Less: in respect of impairments of investments in the year	(466)	—
	<b>(249)</b>	<b>(36)</b>
Add: net gains arising on revaluation in the year	(1,466)	311
<b>Total unrealised (losses) gains at 31 December 2018</b>	<b>(1,715)</b>	<b>275</b>

## 17 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 majority shareholder 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.

## 18 Related party transactions

Access leases office space from Big Society Capital, whose majority shareholder is the Big Society Trust. Rent is paid under an operating lease at a rate of £6,533 per month and this lease can be cancelled with one months' notice.

Other than those transactions described above and detailed in note 7, there were no other related party transactions during the period (2017 – none).

There were no donations from trustees in the year (2017 – none).

## 19 Financial instruments

	2018 £'000	2017 £'000
<b>Financial assets</b>		
Financial assets measured at fair value through profit or loss	52,603	46,203
Financial assets measured at cost less impairment	521	—
	<b>53,124</b>	<b>46,203</b>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	(316)	(633)
	<b>(316)</b>	<b>(633)</b>

Financial assets measured at fair value through profit or loss comprise the majority of investments and cash at bank and in hand.

Financial assets measured at cost less impairment comprise investments which are not traded in an active market.

Financial liabilities measured at amortised cost comprise trade creditors, money held as agent and accruals.

Risks faced by financial instruments which are investments are that of volatility in fixed income markets and investment markets due to wider economic conditions, the attitude of investors to investment risk, and changes in market sentiment within particular sectors or sub sectors.

Risks faced by financial instruments that are debt instruments and financial liabilities include counterparty risk.

## 20 Post balance sheet events

After the year end, the charity was notified that Our Power Energy Supply Limited had ceased trading, and that it was likely that the charity's investment of £466,171 in the company would not be recovered. This has been treated as an adjusting post balance sheet event, and the full value of the investment written-off as at 31 December 2018 through net investment gains (see note 11).