

**Access – The Foundation for
Social Investment**

Annual Report and Accounts

31 December 2020

Charity Registration Number
1159699
Company Registration Number
09153909

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

Trustees	Nick Hurd – Chair (from 22/04/2020) Emilie Goodall (from 17/09/2020) Franz Ranero (from 17/09/2020) Heather Hilburn Kate Kuper Jane Ide (from 17/09/2020) Martin Rich (Senior Independent Trustee) Robert Williamson Susan Cooper Tokunbo Ajasa-Oluwa (from 17/09/2020) <i>Trustees who resigned during the period</i> John Kingston OBE – Chair to 22/04/2020, retired from Board 16/09/2020 Lorraine Oldroyd (to 22/04/2020) Annika Small OBE (to 22/07/2020)
Senior leadership team	
Chief Executive Officer	Seb Elsworth
Director of Programmes	Neil Berry
Director of Learning	Sarah Colston
Director of Finance and Operations	Chris Coghlan (to 02/04/2020 and from 10 May 2021) Chris Welch (interim from 02/04/2020 – 10 May 2021)
Principal office	New Fetter Place 8-10 New Fetter Lane London EC4A 1AZ
Telephone	020 7084 6834
Website	access-socialinvestment.org.uk
E-mail	info@access-si.org.uk
Charity registration number	1159699
Company registration number	09153909

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

Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL
Investment advisors	Rathbone Brothers Plc 8 Finsbury Circus London EC2M 7AZ
Bankers	Triodos Bank UK Limited Deanery Road Bristol BS1 5AS The Charity Bank Limited Fosse House 182 High Street Tonbridge TN9 1BE HSBC UK Bank Plc PO Box 6201 Coventry CV3 9HW Reliance Bank Limited, Faith House, 23 - 24 Lovat Lane, London, EC3R 8EB Unity Trust Bank PO Box 7193, Planetary Road, Willenhall WV1 9DG

The trustees present their statutory report together with the accounts of Access – The Foundation for Social Investment for the year ended 31 December 2020.

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, and investment readiness.

Strategic report (continued)

Introduction (continued)

2. Blended Finance

Managing and promoting blended finance models 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 have not previously benefitted.

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. In 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

2020 was a year dominated by the COVID pandemic; its impact on the charity and social enterprise sector and the partners with whom we work; an enforced transition to remote working for the Access team; and the need to carefully monitor our assets. It was also a year of significant progress for Access, including securing a further £30m of funds from dormant accounts to grow our blended finance work, and new leadership at a governance level with Nick Hurd taking over as chair and four further new trustees appointed in the second half of the year. 2020 marked the half way point in Access's planned 10 year life and the board began work to plan for Access's legacy and further share learning from our work so far.

Strategic report (continued)

Activities and specific objectives (continued)

Review of performance and achievement (continued)

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. They also help organisations who are at the point of seeking to raise investment and need some technical assistance to do so, and seek to strengthen the sector's infrastructure to support enterprise and investment. These programmes are funded by an expendable endowment from DCMS, to be spent down over ten years.

With our delivery partners we have worked on adapting our programmes to respond to the challenges of the pandemic and the changing needs of the charity and social enterprise sector, while maintaining our focus on Access's mission over the long term.

- ◆ The Enterprise Development Programme is designed to provide a broad range of support for charities and social enterprises, helping them make a transition to new enterprise models, or grow existing ones. While many enterprise based business models in the sector have faced significant short term challenges as a result of lockdown measures, the four sectors in which we are working (homelessness, youth, mental health and equality) have continued to see strong demand from charities and social enterprises to develop enterprising activity. At the end of 2020 80 organisations had joined the programme across the four sectors.

Towards the end of the year we committed to expanding the programme to two new sectors: the environmental sector and charities and social enterprises led by people from black and minoritised communities.

- ◆ The Reach Fund (run by the Social Investment Business) 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. Demand for the programme reduced significantly from March 2020 following the initial lockdown. However demand in the previous year had run significantly ahead of budget and so the programme is now likely to spend on budget when the current delivery contract with Social Investment Business expires in October 2021.

🕒 Since the fund launched in 2016, 613 grants have been awarded, with a total value of £8.36m, at an average of £15.6k per grant.

🕒 At the end of December there were 30 active Access Points.

Strategic report (continued)

Activities and specific objectives (continued)

Review of performance and achievement (continued)

1. Capacity Building (continued)

- ◆ The Connect Fund (run by Barrow Cadbury Trust) is aimed at strengthening the social investment market in England to better meet the needs of charities and social enterprises. During 2020 the programme entered its second phase with a revised strategy focused on closer alignment with Access's strategic goals. During the course of the year seven grants were made across three themes of equality, diversity and inclusion in social investment, developing business support needs during the pandemic, and supporting intermediaries to develop proposals for Access's new flexible finance programme.

2. Blended Finance

In response to the impact of the pandemic on the sector, Access received £30m of further grant funds from dormant accounts in May 2020. Following agreement from DCMS, these were made available by the National Lottery Community Fund, who are the nominated distributor for dormant accounts funds, for three purposes:

- ◆ To support more charities and social enterprises to be able to access liquidity by enabling social investors offering emergency loans to offer a blended loan and grant product;
- ◆ To allow social investors to offer more patient and flexible social investment products to support the sector in the forthcoming recovery period; and
- ◆ To provide emergency support to social investment organisations if necessary.

Progress against these objectives was swift in the second part of the year. Five social investment providers have received commitments of £6.9m of grant, which will be drawn down over 2020 and 2021, enabling them to offer a blend of loan and grant to charities and social enterprises who required emergency investment during the COVID crisis, and whose ability to repay was less than their capital need, with the grant filling the gap.

By early 2021, those social investment providers had offered grants totalling £3.6m to 45 organisations, leveraging a further £10m in repayable finance which would not otherwise have been viable. £2.8m of this had been drawn down from Access.

During the summer Access consulted widely on the design of the Flexible Finance for the Recovery programme and decided on a co-design process with a number of social investment providers to determine the optimum use of grant to enable new products to flow to the sector and to leverage significant external capital. By November nine social investor partnerships had joined the design cohort and at the end of the year were working together in areas such as identifying product need in the sector, optimum use of subsidy, and embedding principles of equality, diversity and inclusion in the programme.

Strategic report (continued)

Activities and specific objectives (continued)

Review of performance and achievement (continued)

2. Blended Finance (continued)

Barrow Cadbury Trust took on the management of necessary emergency support to social investment organisations as part of the Connect Fund, and at the end of the year were assessing one application.

Significant work has gone in to adapting our existing blended finance programmes to respond to the impact of COVID.

The Growth Fund aims to tackle the gap in the supply of small loans, of under £150,000, for charities and social enterprises. With our partners in the National Lottery Community Fund and Big Society Capital at the start of 2020 more than £48m had been made available to 16 social investment funds in a blend of loan and grant. 434 investments had been made to charities and social enterprises from those funds.

To support both the social investors managing the funds and the charities and social enterprises who have received investments, a number of amendment to the programme were put in place including covering operating costs for the funds and not accruing interest for six months, allowing them to pass on repayment holidays to borrowers. Additional grants were also made available for the funds to offer to borrowers; £940k from the National Lottery Fund's existing commitment to the Growth Fund for grant to provide additional non repayable working capital where required, and £1m committed from Access's endowment to provide business support grants.

The ongoing national restrictions relating to COVID have resulted in slower than forecast deployment across the funds during 2020. Over the summer a major reforecasting exercise was undertaken with all the funds and it was agreed that a number would bring forward their deployment period. By the end of the year:

- ◆ 517 investments had been made into charities and social enterprises, representing c. 20% of the social investment market by deals done.
- ◆ The average size of investment is £66k.
- ◆ The median turnover of borrowers is £245k.

The Local Access programme uses £10m from dormant bank accounts to blend with circa £15m of Big Society Capital funds. Access has also committed a further £8m from its endowment. At the start of 2020 six places were chosen to use these funds to create place based blended finance and enterprise development programmes to help grow their local social economies:

Strategic report (continued)

Activities and specific objectives (continued)

Review of performance and achievement (continued)

2. Blended Finance (continued)

- ◆ Bradford;
- ◆ Bristol;
- ◆ Gainsborough;
- ◆ Greater Manchester (Bolton, Oldham, Stockport and Wigan);
- ◆ Hartlepool, Redcar & Cleveland; and
- ◆ Southwark in London.

During the course of the year each of the six places has been working on developing full investment and enterprise development proposals, and have received a development grant to do so. Many of the place based partners have been working hard to respond to the challenges of the pandemic in their communities, and therefore progress in developing these proposals has not been as swift as originally hoped. However by the end of the year Bristol's enterprise development plans were approved by the Access board and their investment plans are due to be presented to the Blended Investment Committee early in 2021.

3. Listening, Learning and Sharing Knowledge

With 2020 being the half way point in Access's anticipated ten year life, the board has begun to focus more attention on developing Access's legacy and a working group of trustees was formed in September to identify the key themes of Access's legacy. By the end of the year three areas had been identified: ensuring the continued flow of blended finance; encouraging more funders to support resilience building with enterprise support; and supporting charities and social enterprises to better understand their own business models. Over the coming year Access will build on these themes and identify how progress against these can be measured. During 2020 further progress was made in refining Access's measures of success and in how we measure organisational resilience.

To mark Access's mid-life point, the foundation also identified five key lessons from the first five years of our work and developed a series of podcasts featuring key partners and stakeholders to discuss these.

During the year we also published learning reports on progress made in the Enterprise Development and Local Access programmes, as well as refreshed quarterly dashboards and regular blogs about our work.

Strategic report (continued)

Activities and specific objectives (continued)

Review of performance and achievement (continued)

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.

During the year we contributed to the Association of Charitable Foundation's Stronger Foundation's report on Investing, where Access's total impact approach featured as a case study. We also finished publishing a series of six blogs, written by our learning partners, explaining the history of Access's approach, augmenting the resources already available including our investment policy statements and endowment impact report.

Future objectives and planned activities

While our work over the last year has responded to the implications of the global pandemic on Access's work and that of our partners, we have also maintained a clear focus on our mission and our existing strategic plan. Our work over the coming year will similarly see us pursuing our long term goals but in the context of continued day to day challenges for the organisations we exist to serve.

1. Capacity Building

During 2021 we will:

- ◆ Induct two new sector partners into the Enterprise Development Programme: the environment sector and charities and social enterprises led by people from black and minoritised communities. They will join the four existing sectors, two of which (homelessness and youth) are in their last year of the programme and our focus with them will shift to securing a legacy for EDP for their respective networks. We will also significantly progress our work to build a knowledge base of revenue models in each of the sectors we are working in and share these widely.
- ◆ Publish a second evaluation into the Reach Fund and make a decision about the future of the programme post the end of the current delivery contract in October 2021. Decisions about extending the programme at what budget and over what time period will be informed by the evaluation and by a reforecasting exercise for all endowment related programme spend to be undertaken in March.
- ◆ Work closely with our partners in the Barrow Cadbury Trust to support the Connect Fund to further enhance the social investment ecosystem.

Strategic report (continued)

Activities and specific objectives (continued)

Future objectives and planned activities (continued)

2. Blended Finance

In 2021 we will:

- ◆ Commit a significant amount of the £30m grant for COVID related blended finance programmes to social investors in our co-design cohort to enable them to develop new flexible and patient investment products for charities and social enterprises while also attracting significant new capital to the sector.
- ◆ Support the social investors delivering emergency lending with our blend as they complete their commitments, anticipated to be in the middle of 2021.
- ◆ Continue to work closely with the National Lottery Community Fund and Big Society Capital in managing the Growth Fund as the social investors respond to the impact of the COVID pandemic on their portfolios and ability to deploy new loans. We will also continue to share learning from the programme especially relating to the uses of subsidy.
- ◆ Support the Local Access places to launch and establish their enterprise development and investment programmes.
- ◆ Continue to make the case for long term blended finance supply for the sector.

3. Listening, Learning and Sharing Knowledge

In 2021 we will

- ◆ Make significant progress on defining Access's legacy and how we will measure our progress towards it. We will review how we resource our advocacy work to ensure we are having maximum impact.
- ◆ Continue to share learning from our individual programmes and across Access's work.
- ◆ Widely disseminate our five lessons from our first five years.

4. Total Impact

During 2021 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 while beginning to actively manage liquidity as we progress towards the spend down point.
- ◆ We are sharing learning from our endowment management approach with other foundations as relevant.

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. Brief biographical details on each of the current trustees can be found on our website.

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 regularly and acts on any feedback received as a result of the evaluation process. The board plans to conduct a performance review again in 2021.

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;

Governance, structure and management (continued)

Statement of trustees' responsibilities (continued)

- ♦ 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 is a charity and company limited by guarantee, with one legal member, the Oversight Trust (formerly the Big Society Trust). The Oversight Trust is also the majority shareholder of Big Society Capital, and the sole legal member of Fair for All Finance and the Youth Futures Foundation. As the sole legal member, the Oversight 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 has six scheduled meetings a year, including an annual strategic away day. Other meetings are called as required. 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 four trustees. 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 has four scheduled meetings a year and other meetings are called as required.

The Endowment Investment Committee (EIC) comprises two trustees and two external members. 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 has four scheduled meetings a year and other meetings are called as required.

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 quarterly basis.

Governance, structure and management (continued)

Risk management (continued)

In addition over the last year the trustees have closely monitored risks relating to the impact of the COVID-19 pandemic on Access's work including: how programmes have needed to adapt and respond to ensure the resilience of the organisations which Access exists to support, the impact of the pandemic on the health of the holdings in Access's endowment, and the impact on the operations of the charity. The board is confident that Access has managed these risks effectively.

The key strategic risks which the organisation is currently managing relate to the longer term legacy of Access and that in order to achieve its mission, the foundation needs to ensure that it is influencing the broader social investment ecosystem so that key aspects of its work can continue once the organisation closes. This is mitigated by Access's learning and advocacy work and increasingly by the board's greater focus on legacy work.

The ARCC is also actively managing risks relating to specific programmes and the impact of COVID on the organisation's work.

Grant making policy

Access is able to award grants in a variety of ways, namely via the blended finance programmes, 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 + Treasury

Endowment

The Capacity Building programmes, Listening, Learning and Sharing Knowledge 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. An Investment Policy Statement (IPS) has been approved specifically for the endowment and the endowment's investments are managed in line with that policy.

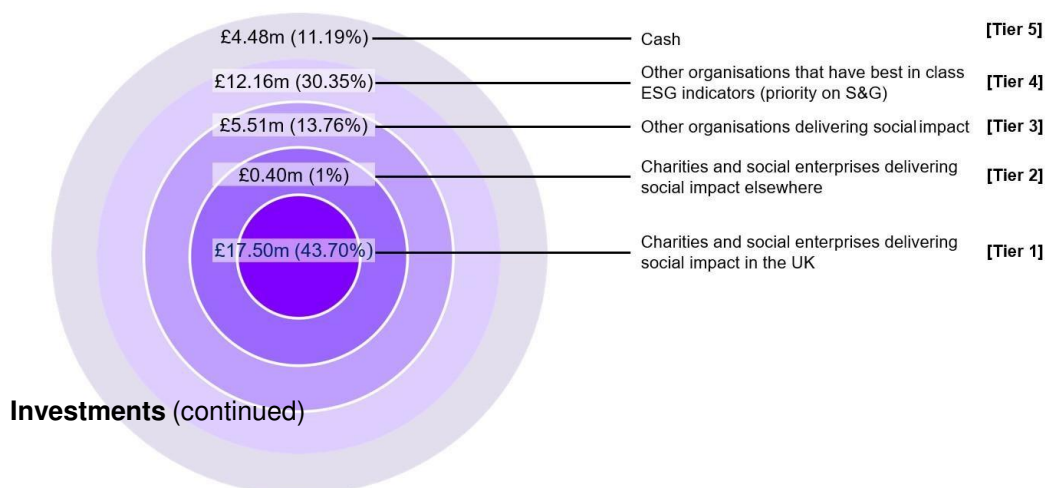
Rathbones were appointed as the endowment's asset managers in early 2016 and at year end, they had £40.0m (2019 - £38.7m) of its assets under management. Rathbones manages our endowment in accordance with the endowment IPS. The IPS details the financial and social objectives of the portfolio, as well 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 2020 this was 43.70% of total investments (Tier 1 or referred to as the "bull's eye")
2. Charities and social enterprises delivering social impact elsewhere – at 31 December 2020 this was 1.00% of total investments (Tier 2)
3. Other organisations delivering social impact – at 31 December 2020 this was 13.76% 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 2020 this was 30.35% of total investments (Tier 4)
5. Cash -11.19%

This is best represented by a diagram shown below:

Portfolio mapped to the Bull's eye frame work as at 31 December 2020



Investments + Treasury (continued)

Endowment (continued)

Impact reports are published on our website. The latest report is for the period to June 2019.

In 2021 we will be publishing our impact report for the 18 months to 31 December 2020 and thereafter reports will be published annually for each calendar year.

Capital Preservation Funds

A fund is managed for capital preservation when the Board is of the view that the funds should only be placed on deposit with suitable banks and that it is not appropriate to invest these funds partly or fully in a bond portfolio or other financial products.

As 31 December 2020 there were two Capital Preservation Funds:

- ◆ The £10m Local Access Dormant Accounts Fund; and
- ◆ The £30m Covid-19 Recovery Dormant Accounts Fund.

An Investment Policy Statement (IPS) has been approved specifically for capital preservation funds and these funds are managed in line with that policy. The primary investment objective is to invest each Fund using a “total impact” approach, achieving both financial and social impact, in line with how Access invests its expendable endowment. The investment of these funds is managed in house.

The financial objective is to preserve the capital of each Fund prior to expenditure. A financial return in line with the appropriate deposit rates is targeted over the period that the capital is invested and with a liquidity profile that is appropriate for the time horizon. The capital is held with banks that best align with the “Bulls Eye” approach developed by Access subject to the opportunity set and consideration of other risk factors.

Investment performance - Endowment

Rathbones continued to act as our asset manager throughout 2020. At 31 December 2020, the market value of these investments stood at £40.0m (2019- £38.7m) which included cash held of £ 4.5m (2019-£0.4m). The cost of these investments amounted to £40.6m, and there was an unrealised gain on the change in market value of £25k. Income from this investment portfolio amounted to £1.5m.

The market value of the charity's investment portfolio fell materially in late March 2020 as a result of the pandemic, but later in the year the market recovered and overall a gain of £25k was made on the portfolio.

The investment portfolio achieved a Time Weighted Return (TWR) for 2020 of 3.57%. (2019 5.06%) The target TWR per year is 2-3%. The trustees are satisfied with the performance of the investments, both in terms of financial return and social impact generated.

In relation to the management of the spend-down endowment, the Endowment Investment Committee (EIC) closely monitor risks, and work with Rathbones, the charity's asset managers, in seeking to mitigate those risks.

Investments + Treasury (continued)

Investment performance - Endowment (continued)

The main risks are credit risk and liquidity risk. The exposure to market risk is mitigated by the investment strategy which is to hold the majority of bonds to maturity, so gains or losses in the valuation of the holdings will largely remain unrealised.

To mitigate credit risk during the last year the EIC worked closely with Rathbones to monitor the health of the underlying holdings in the portfolio, including through reviewing reports directly from the bond issuers and analysing wider market information. This strategy resulted in a small number of sales of holdings in the outer tiers of the bull's eye model however there have been no defaults in the portfolio over the course of the year.

Liquidity risk has also been closely monitored during the course of the year through regular reforecasting of anticipated programme spend, and modelling of any future sales of bonds required to meet that spend. The EIC and board have discussed strategies for reducing illiquidity in the portfolio towards the end of the life of the endowment (from 2023 onwards) and following the year end £3.1m of relatively illiquid holdings have been sold to reduce liquidity risk in the longer term.

Financial review

Results for the period

The Statement of Financial Activities (SOFA) shows that Access's result for the year, before investment gains and losses, was a surplus of £0.68m (2019 – deficit for the year of £3.36m). The surplus reflects the spend-down of our endowment in accordance with our mission (£0.76m) offset by grants received and investment income from the endowment.

Income from grants in 2020 was £7.97m (2019: £ 4.05m). The 2020 grant income includes recognition of £2.83m of income from the £21m tranche of dormant accounts funding received for Covid recovery. As explained in the notes to the financial statements, income from this stream of dormant accounts funding is being released on a performance basis - i.e. in the period in which it is applied. Grant income also includes £136k (2019 - £151k) earned as a result of the Service Level Agreement in place with the National Lottery Community Fund for running the Growth Fund.

Other sources of income include investment income of £1.60 m (2019 - £1.61m)

The charity's endowment will be spent over the next five years on our Capacity Building and Listening, Learning and Sharing Knowledge work. It will also be used to part fund the running costs of Access.

The £10m Local Access Dormant Accounts Fund covers part of the cost of the Local Access (Place Based) Blended Finance programme developed with Big Society Capital. The balance of that programme is being funded by £8m of Access's endowment. The £10m restricted fund is expected to be spent over the next four to six years. The relevant portion of support costs are being charged to the £10m fund.

Financial review (continued)

Results for the period (continued)

It is not yet possible to determine how long it will take to spend down the £30m Covid Relief Dormant Accounts Fund as the allocation of the funding in its largest element – the Flexible Finance for the Recovery programme - has not yet been finalised. The relevant portion of support costs are being charged to this fund.

Despite the slowdown caused by the pandemic, during the year to 31 December 2020 expenditure on charitable activities totalled £8.7m (2019; £8.9m) made up as follows:

	2020	2019
	£m	£m
Capacity Building	4.5	8.4
Blended Finance	3.8	0.3
Listening Learning and Sharing knowledge	0.4	0.2
	<u>8.7</u>	<u>8.9</u>

In addition to grants, these costs include project management costs which relate to the functioning of robust and effective programmes and include the costs of partner organisations administering the programmes on our behalf.

Our office running costs are relatively low due to the fact that we are a lean organisation and work through partnerships. The average FTE increased in 2020 to 8.00 (2019 – 6.91).

Staff costs for the year were £506k (2019 - £436k).

Costs were incurred of £116k (2019 - £123k) on raising funds, which 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 £ 58.89m (31 December 2019 - £50.18m).

These funds include expendable endowment funds of £34.53m (2019 - £35.28m). Whilst the income from these funds may be used for general purposes of the charity and is held as unrestricted reserves, the Trustees' current plan is to use that income over the next five years to fund our Capacity Building programmes, and to part-fund the running costs of Access.

As detailed in note 11, the market value of the charity's investment portfolio is now £40.05m (2019 - £38.67m). This reflects the recovery of asset values after the dip in market value at the start of the pandemic (late March 2020) and the fact it was not necessary for Access to draw on the investment portfolio in 2020 as endowment activity in that year was largely funded by the final £5m of the endowment received from DCMS in 2020.

Financial review (continued)

Reserves policy and financial position (continued)

Included in total funds is an amount of £ 9.9m (2019 - £10.0m) which is restricted. This consists of two funds:

- ◆ The £10m Local Access Dormant Accounts Fund: Created from the receipt in 2018 of £10m of dormant account funds for a Place Based Blended Finance programme (known as Local Access).
- ◆ The £30m Covid Relief Dormant Accounts Fund: Created from receipt of a £21m tranche of the £30m dormant accounts funding to grow our blended finance work. (As at 31 December 2020 £18.2m of the £21m is treated as deferred income).

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 2020 total £ 6.4m (2019 - £4.90m). These funds are represented by tangible fixed assets with a net book value of £2k and with the remainder being "free reserves".

The core of Access' grant making programmes and running costs are funded via an expendable endowment of £60.65m from DCMS, the final £5m of which was received in 2020. The £60.65m will in turn continue to be spent over the next five 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.

The charity's assets

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

Fundraising statement

Access does not actively solicit donations directly from the public and therefore is not registered with the Fundraising Regulator and does not subscribe to any fundraising codes of practice. Were donations from individuals or trusts and foundations to be received, Access would ensure personal data is appropriately protected.

Trustees' report Year to 31 December 2020

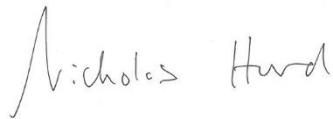
Auditors

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 that reads "Nicholas Hurd". The signature is written in a cursive style with a large initial 'N'.

Nick Hurd
Trustee

Approved by the trustees on: 24 May 2021

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 2020 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 2020 and of its income and expenditure for the year then ended;
- ◆ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- ◆ have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report 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.

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

- ◆ We obtained an understanding of the legal and regulatory frameworks applicable to the charity and the sector in which it operates. We determined that the following laws and regulations were most significant: 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), the Companies Act 2006 and the Charities Act 2011.
- ◆ We understood how the charity is complying with those legal and regulatory frameworks by making enquiries of management and those responsible for legal and compliance procedures. We corroborated our enquiries through our review of Board minutes and papers provided to the Audit, Risk and Compliance Committee.
- ◆ We assessed the susceptibility of the charity's financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the engagement team included:
 - ◇ Identifying and assessing the design effectiveness of controls in place to prevent and detect fraud;

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

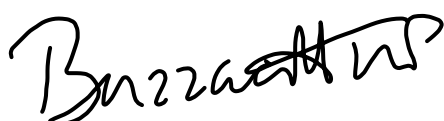
- ◇ Understanding how those charged with governance considered and addressed the potential for override of controls or other inappropriate influence over the financial reporting process;
- ◇ Challenging assumptions and judgements made by management in its significant accounting estimates;
- ◇ Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations; and
- ◇ Assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the relevant financial statement item to which they relate.

We did not identify any irregularities, including fraud.

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. 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

23/6/21

Statement of financial activities Year to 31 December 2020

	Notes	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	2020 Total funds £'000	2019 Total funds £'000
Income and endowments from:						
Grants and other sources for charitable activities	1	—	2,971	5,000	7,971	4,051
Investments	2	1,595	2		1,597	1,609
Total income		1,595	2,973	5,000	9,568	5,660
Expenditure on:						
Raising funds	3	—	—	117	117	123
Charitable activities	4					
. Capacity Building		—	—	4,528	4,528	8,404
. Blended Finance		88	3,027	718	3,833	308
. Listening, Learning & Sharing Knowledge		—	—	406	406	187
Total expenditure		88	3,027	5,769	8,884	9,022
Net income (expenditure) for the year before losses on investments	6	1,507	(54)	(769)	684	(3,362)
Net investment gains/(losses)	11	—	—	25	25	639
Net income and net movement in funds		1,507	(54)	(744)	709	(2,723)
Reconciliation of funds:						
Total funds brought forward		4,900	10,000	35,277	50,177	52,900
Total funds carried forward		6,407	9,946	34,533	50,886	50,177

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.

Prior year statement of financial activities Year to 31 December 2019

	Notes	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	2019 Total funds £'000
<i>Income and endowments from:</i>					
Grants and other sources for charitable activities	1	—	151	3,900	4,051
Investments	2	1,609	—	—	1,609
Total income		1,609	151	3,900	5,660
<i>Expenditure on:</i>					
Raising funds	3	—	—	123	123
Charitable activities	4	—	—	8,404	8,404
. Capacity Building		157	151	—	308
. Blended Finance		—	—	187	187
. Listening, Learning & Sharing Knowledge		—	—	—	—
Total expenditure		157	151	8,714	9,022
<i>Net income (expenditure) for the year before losses on investments</i>	6	1,452	—	(4,814)	(3,362)
Net investment losses	11	—	—	639	639
Net income and net movement in funds		1,452	—	(4,175)	(2,723)
<i>Reconciliation of funds:</i>					
Total funds brought forward		3,448	10,000	39,452	52,900
Total funds carried forward		4,900	10,000	35,277	50,177

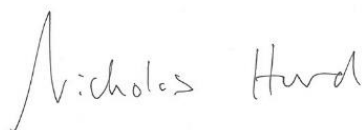
Balance sheet As at 31 December 2020

	Notes	2020 £'000	2020 £'000	2019 £'000	2019 £'000
Fixed assets					
Tangible assets	10		2		2
Investments	11		40,047		38,675
			<u>40,049</u>		<u>38,677</u>
Current assets					
Debtors due within one year	12	273		67	
Cash at bank and in hand		<u>30,792</u>		<u>12,441</u>	
		31,065		12,508	
Creditors: amounts falling due within one year	13	(20,228)		(1,008)	
Net current assets			<u>10,837</u>		<u>11,500</u>
Total net assets			<u>50,886</u>		<u>50,177</u>
The funds of the charity:					
Endowment funds	14		34,533		35,277
Restricted funds	15		9,946		10,000
Unrestricted funds					
. General fund			6,405		4,900
Tangible fixed assets fund			<u>2</u>		<u>—</u>
			<u>50,886</u>		<u>50,177</u>

Approved by the trustees
and signed on their behalf by:

Nick Hurd
Trustee

Approved on: 24 May 2021



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

Statement of cash flows Year ended 31 December 2020

	Notes	2020 £'000	2019 £'000
Cash provided by operating activities	A	18,102	(4,254)
Cash provided by investing activities	B	4,370	5,738
Change in cash and cash equivalents in the year	C	22,472	1,484
Cash and cash equivalents at 1 January 2020		12,803	11,319
Cash and cash equivalents at 31 December 2020		35,275	12,803

Notes to the statement of cash flows for the year to 31 December 2020

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

	2020 £'000	2019 £'000
Net movement in funds	709	(2,723)
Depreciation charge	1	1
(Gains) losses on investments	(25)	(639)
Investment income	(1,597)	(1,609)
(Increase) decrease in debtors	(206)	24
Increase in creditors	19,220	692
Net cash provided by operating activities	18,102	(4,254)

B Gross cash flows from investing activities

	2020 £'000	2019 £'000
Investing activities		
Payments to acquire tangible fixed assets	(1)	(2)
Disposal of tangible fixed assets	—	—
Investment income	1,597	1,609
Purchase of investments	—	(60)
Proceeds from disposals of investments	2,774	4,191
Net cash provided by investing activities	4,370	5,738

Statement of cash flows Year ended 31 December 2020

C Analysis of changes in cash and cash equivalents

	At 31 December 2019 £'000	Cash Flows £'000	At 31 December 2020 £'000
Cash held by investment managers	362	4,121	4,483
Cash at bank and in hand	12,441	18,351	30,792
Total	12,803	22,473	35,275

	At 31 December 2019 £'000	Cash Flows £'000	At 31 December 2020 £'000
<i>Cash held by investment managers</i>	493	(131)	362
<i>Cash at bank and in hand</i>	10,826	1,615	12,441
Total	11,319	1,484	12,803

Principal accounting policies Year ended 31 December 2020

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 2020.

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.

Critical accounting estimates and areas of judgement

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

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

- ♦ Determining the value of investment holdings, where these are unlisted.

As set out in these accounting policies under "going concern", the trustees have considered the impact of the continuing pandemic on the charity and have concluded that although there may be some negative consequences, it is appropriate for the charity to continue to prepare its accounts on the going concern basis.

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.

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 was recognised in full in that year and presented within restricted funds, on the basis that it should be used to create a specific Blended Finance Programme.

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

In the year ended 31 December 2020 the charity became entitled to £30m of funding from the National Lottery Community Fund (NLCF). In line with the underlying grant agreement, amounts are drawn down by the charity periodically based on requests to the NLCF to support cash requirements for the subsequent period. As the funding is provided to support future activity it is initially recognised as deferred income in the balance sheet and taken to the statement of financial activities in the period in which it is applied. The income is conditional on it being used to fund expenditure furthering the social purposes or for the purpose of helping charities and social enterprises respond and recover from the Covid-19 outbreak. Income and expenditure is therefore shown in the restricted fund.

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 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 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.

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.

The main risks are credit risk and liquidity risk. The exposure to market risk is mitigated by the investment strategy which is to hold the majority of bonds to maturity, so gains or losses in the valuation of the holdings will largely remain unrealised. 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 (£4,483k) 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

Expendable 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.

Principal accounting policies Year ended 31 December 2020

Fund accounting (continued)

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

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	2020 Total funds £'000
DCMS	—	5,000	5,000
The National Lottery Community Fund	136	—	136
Dormant Account Grant income	2,835	—	2,835
2020 Total funds	2,971	5,000	7,971

	Restricted funds £'000	Endowment funds £'000	2019 Total funds £'000
DCMS	—	3,900	3,900
The National Lottery Community Fund	151	—	151
2019 Total funds	151	3,900	4,051

2 Income from investments

	Unrestricted funds £'000	Endowment funds £'000	2020 Total funds £'000
Investment income receivable	1,464	—	1,464
Interest receivable	131	2	133
2020 Total funds	1,595	2	1,597

	Unrestricted funds £'000	Endowment funds £'000	2019 Total funds £'000
Investment income receivable	1,521	—	1,521
Interest receivable	88	—	88
2019 Total funds	1,609	—	1,609

3 Expenditure on raising funds

	Endowment funds £'000	2020 Total funds £'000
Investment manager fees	117	117

	Endowment funds £'000	2019 Total funds £'000
Investment manager fees	123	123

4 Expenditure on charitable activities

	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	2020 Total funds £'000
Capacity Building				
. Grants	—	—	3,587	3,587
. Project management costs	—	—	764	764
Support costs (note 5)				
.. Office costs	—	—	34	34
.. Staff costs	—	—	130	130
. Governance costs	—	—	13	13
	—	—	4,528	4,528
Blended Finance				
Grants		2,736	682	3,418
Project management costs	—	39	36	75
Support costs (note 5)				
.. Office costs	17	48	—	65
.. Staff costs	65	186	—	251
. Governance costs	6	18	—	24
	88	3,027	718	3,833
Listening, Learning and Sharing Knowledge				
. Research costs	—	—	236	236
. Support costs (note 5)	—	—		
.. Office costs	—	—	33	33
.. Staff costs	—	—	125	125
Governance costs	—	—	12	12
	—	—	406	406
2020 Total funds	88	3,027	5,652	8,767

4 Expenditure on charitable activities (continued)

	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	2019 Total funds £'000
<i>Capacity Building</i>				
. Grants	—	—	7,151	7,151
. Project management costs	—	—	900	900
Support costs (note 5)				
.. Office costs	—	—	76	76
.. Staff costs	—	—	213	213
. Governance costs	—	—	64	64
	—	—	8,404	8,404
<i>Blended Finance</i>				
Support costs (note 5)				
.. Office costs	36	36	—	72
.. Staff costs	94	89	—	183
. Governance costs	27	26	—	53
	157	151	—	308
<i>Listening, Learning and Sharing Knowledge</i>				
. Research costs	—	—	130	130
. Support costs (note 5)				
.. Office costs	—	—	16	16
.. Staff costs	—	—	41	41
	—	—	187	187
2019 Total funds	157	151	8,591	8,890

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. These include:

- ♦ The Growth Fund - a wholesale finance facility for social investors. It is operated by Access which provides support and operational services 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.

4 Expenditure on charitable activities (continued)

- ◆ Local Access: The Local Access programme uses £10m from dormant bank accounts received by Access in 2018 to blend with circa £15m of Big Society Capital funds. Access has also committed a further £8m from its endowment. At the start of 2020 partnerships six places were chosen to use these funds to create place based blended finance and enterprise development programmes to help grow their local social economies.
- ◆ COVID 19 relief funding: In response to the impact of the COVID-19 pandemic on the sector, Access was awarded £30m of further grant funds under the Dormant Bank and Building Society Accounts Act 2008. These funds are being used to enable social investors offering emergency loans to offer a blended loan and grant product, to allow social investors to offer more patient and flexible social investment products to support the sector in the forthcoming recovery period; and to provide emergency support to social investment organisations if necessary.

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	2020 Total funds £'000
Staff costs	130	251	125	506
Governance costs	13	24	12	49
Office costs	34	65	33	132
	177	340	170	687

	Charitable activities			
	Capacity Building £'000	Blended Finance £'000	Listening, Learning and Sharing Knowledge £'000	2019 Total funds £'000
Staff costs	213	183	41	437
Governance costs	57	49	11	117
Office costs	76	72	16	164
	346	304	68	718

5 Support costs (continued)

Governance costs include recruitment and legal fees. For details of trustee remuneration for their services and reimbursement of their travel costs see note 7.

Support costs	2020 Total funds £'000	2019 Total funds £'000	Basis of apportionment
Staff costs	506	437	Estimated time spent on each of the charity's core activities
Governance costs	49	117	
Office costs	132	164	
	687	718	

6 Net income

This is stated after charging:

	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	2020 Total funds £'000
Staff costs (note 7)	65	186	255	506
Auditor's remuneration				
. Statutory audit assurance	—	20	—	20
Depreciation	—	—	—	1

	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	2019 Total funds £'000
Staff costs (note 7)	102	81	254	437
Auditor's remuneration				
. Statutory audit assurance	—	10	10	20
Depreciation	—	—	1	1

7 Employee and key management remuneration

Summary

Staff costs during the period were as follows:

	2020 £'000	2019 £'000
Wages and salaries	412	354
Social security costs	48	40
Other pension costs	46	42
	506	436

Staff numbers

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

	2020 Number	2019 Number
Charitable activities		
. Capacity Building	1.00	3.23
. Blended Finance	5.01	3.23
. Listening, Learning and Sharing Knowledge	2.00	0.45
	8.01	6.91

The average number of employees employed during the year to 31 December 2020 was 8.01 (2019 – 6.91).

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:

	2020 Number	2019 Number
£60,001 - £70,000	1	—
£70,001 - £80,000	1	1
£80,001 - £90,000	—	1
£90,001 - £100,000	1	—

The Chief Executive received actual salary of £94.3k (2019 – £83.8k) in the financial year. The 2019 figure was lower due to a period of parental leave.

7 Employee and key management remuneration (continued)

Key management personnel

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

The total cost of employment of the key management personnel of the charity was £343,323 (2019 – £280k). Two of the trustees received remuneration in respect of their services during the period totalling £7.5k (2019 – £10k). During the period out of pocket travelling expenses amounting to £890 (2019 – £5.7k) were reimbursed to 3 (2019 – 6) 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 £17,636 (2019 - £14,933) and provides cover of up to a maximum of £2m for professional indemnity insurance and upto £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
Cost or valuation		
At 31 December 2019	6	6
Additions	1	1
At 31 December 2020	7	7
Depreciation		
At 31 December 2019	4	4
Charge for period	1	1
At 31 December 2020	5	5
Net book values		
At 31 December 2020	2	2
At 31 December 2019	2	2

11 Investments

	2020 £'000	2019 £'000
Market value of listed investments at 1 January	37,792	41,284
Additions at cost	—	60
Proceeds from disposals	(2,774)	(4,191)
Net investment gains (losses)	25	639
Market value of listed investments at 31 December	35,043	37,792
Value of unlisted investments	521	521
Cash held by investment managers	4,483	362
	40,047	38,675
Cost of investments at 31 December 2020	40,608	39,432

Investments held at 31 December 2020 comprised the following:

	2020 £'000
UK fixed interest	40,005
UK equity	521
	40,526
	2019 £'000
UK fixed interest	38,313
UK equity	521
	38,834

At 31 December 2020 investments included the following holdings, which represented material holdings relative to the market value of the total investment portfolio held at that date:

	Market value of holding £'000	Percentage of portfolio %
Wellcome Trust Finance	2,218	5.54
London and Quadrant Housing	2,064	5.16
Dolphin Square Charitable FD	2,876	7.19
Places for People	2,180	5.45
A2D funds plc	2,079	5.20
Greensleeves Homes Trust	2,010	5.02

11 Investments (continued)

	2019 Market value of holding £'000	2019 Percentage of portfolio %
<i>Wellcome Trust Finance</i>	2,294	5.93
<i>London and Quadrant Housing</i>	2,000	5.17
<i>Dolphin Square Charitable FD</i>	2,067	5.34
<i>Places for People</i>	2,093	5.41
<i>A2D funds plc</i>	2,208	5.71
<i>Greensleeves Homes Trust</i>	2,895	7.49

All investments were dealt in on a recognised stock exchange where listed.

12 Debtors

	2020 £'000	2019 £'000
Due within one year		
Prepayments	16	12
Accrued income	90	55
Other debtors	167	—
	273	67

13 Creditors: amounts falling due within one year

	2020 £'000	2019 £'000
Trade creditors	41	132
Money held as agents (see below)	1,406	727
Accruals	368	149
Deferred income	18,413	—
	20,228	1,008

The movement on money held as agents during the year ended 31 December 2020 was as follows:

	2020 £'000
Funds held as agents as at 1 January 2020	727
Funds received from the National Lottery Community Fund	4,764
Fund distributed to investors	(4,085)
Funds held as agents at 31 December 2020	1,406

13 Creditors: amounts falling due within one year (continued)

	2019 £'000
<i>Funds held as agents as at 1 January 2019</i>	175
<i>Funds received from the National Lottery Community Fund</i>	5,064
<i>Fund distributed to investors</i>	(4,512)
<i>Funds held as agents at 31 December 2019</i>	<u>727</u>

Access holds money received from the National Lottery Community 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 2019 £'000	Income £'000	Expenditure, gains, losses and transfers £'000	At 31 December 2020 £'000
DCMS	35,277	5,000	(5,744)	34,533
	<u>35,277</u>	<u>5,000</u>	<u>(5,744)</u>	<u>34,533</u>

	At 31 December 2018 £'000	Income £'000	Expenditure, gains, losses and transfers £'000	At 31 December 2019 £'000
DCMS	39,452	3,900	(8,075)	35,277
	<u>39,452</u>	<u>3,900</u>	<u>(8,075)</u>	<u>35,277</u>

The funds were established as follows:

DCMS 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 2019 £'000	Income £'000	Expenditure, gains, losses and transfers £'000	At 31 December 2020 £'000
Dormant accounts (Local Access)	10,000	2	(56)	9,946
Dormant accounts (COVID-19)	—	2,971	(2,971)	—
	10,000	2,973	(3,027)	9,946

	At 31 December 2018 £'000	Income £'000	Expenditure, gains, losses and transfers £'000	At 31 December 2019 £'000
<i>National Lottery Community Fund Grant</i>	—	151	(151)	—
<i>Budget for Growth Fund</i>	—	—	—	—
<i>Dormant accounts</i>	10,000	—	—	10,000
	10,000	—	—	10,000

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.

16 Analysis of net assets between funds

	General funds £'000	Restricted funds £'000	Endowment funds £'000	Total 2020 £'000
Fund balances at 31 December 2020 are represented by:				
Tangible fixed assets	2	—	—	2
Investments	5,514	—	34,533	40,047
Net current assets	890	9,947	—	10,837
Total net assets	6,406	9,947	34,533	50,886

	General funds £'000	Restricted funds £'000	Endowment funds £'000	Total 2019 £'000
<i>Fund balances at 31 December 2019 are represented by:</i>				
<i>Tangible fixed assets</i>	<i>2</i>	<i>—</i>	<i>—</i>	<i>2</i>
<i>Investments</i>	<i>3,398</i>	<i>—</i>	<i>35,277</i>	<i>38,675</i>
<i>Net current assets</i>	<i>1,500</i>	<i>10,000</i>	<i>—</i>	<i>11,500</i>
<i>Total net assets</i>	<i>4,900</i>	<i>10,000</i>	<i>35,277</i>	<i>50,177</i>

	2020 £'000	2019 £'000
Total unrealised gains included above:		
On investments	(597)	638
Total unrealised gains at 31 December 2020	(597)	638
Reconciliation of movements in unrealised gains		
Unrealised losses at 1 January 2020	25	(1,715)
Less: in respect to disposals in the year	(5)	(6)
Less: in respect of impairments of investments in the year	—	—
	20	(1,721)
Add: net gains arising on revaluation in the year	(617)	2,359
Total unrealised (losses) gains at 31 December 2020	(597)	638

17 Ultimate parent undertaking

The Oversight Trust (formerly 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 Oversight Trust which is also the majority shareholder of Big Society Capital.

In the event of the charity being wound up The Oversight 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 Overnight 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 (2019 – none). There were no donations from trustees in the year (2019 – none).

19 Financial instruments

	2020 £'000	2019 £'000
Financial assets		
Financial assets measured at fair value through profit or loss	70,318	50,595
Financial assets measured at cost less impairment	521	521
	70,839	51,116
Financial liabilities		
Financial liabilities measured at amortised cost	(1,815)	(1,008)
	(1,815)	(1,008)

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 Commitments

As at 31 December 2020, the charity was committed to paying out a further £4.1m of grants to social investment providers from the funding received from NLCF for Covid related emergency blended investment. The £4.1m is the difference between the commitments of £6.9m made by Access and the £2.8m drawn down from Access by 31 December 2020. This commitment will be recognised within expenditure as beneficiaries meet relevant criteria.