

**Access – The Foundation for
Social Investment**

Annual Report and Accounts

31 December 2021

Charity Registration Number
1159699
Company Registration Number
09153909

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Trustees

Nick Hurd – Chair
Emilie Goodall
Franz Ranero
Heather Hilburn
Kate Kuper
Jane Ide
Martin Rich (Senior Independent Trustee)
Robert Williamson
Susan Cooper
Samantha Latouche (from 23 March 2022)

Trustees who resigned during the period
Tokunbo Ajasa-Oluwa (to 23 June 2021)

Senior leadership team

Chief Executive Officer	Seb Elsworth
Director of Programmes	Neil Berry
Director of Learning	Sarah Colston
Director of Partnerships and Advocacy	Chloe Stables (from 8 September 2021)
Director of Finance and Operations	Chris Coghlan (from 10 May 2021)
	Chris Welch (interim to 10 May 2021)

Principal office

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Charity registration number 1159699

Company registration number 09153909

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

Trustees' report Year to 31 December 2021

The trustees present their statutory report together with the accounts of Access – The Foundation for Social Investment for the year ended 31 December 2021.

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

Strategic report

Introduction

We are Access – The Foundation for Social Investment

Our vision is of an investment eco-system that works for all charities and social enterprises, helping to create stronger communities.

We work to make sure that charities and social enterprises can access the finance they need to sustain or grow their impact.

We target those most in need of patient and flexible investment through:

- ◆ **Funding** enterprise development and blended finance programmes in England.
- ◆ **Sharing** knowledge and data and translating it into practical insight that others can use.
- ◆ **Mobilising** others who share our goal of making capital work for communities.

Access was created in 2015, following a realisation that sustained efforts to grow the social investment market had not resulted in meeting the needs of many charities and social enterprises.

Typically, the type of finance that is suitable for most charities and social enterprises has not been readily available either because there was too much risk, or the size of investment was too small.

Equally, support for charities and social enterprises to grow their enterprise models and access investment was patchy, under-resourced, under-developed and uncoordinated.

And so, Access was created to grow the reach of social investment. Designed to 'disrupt' the existing social investment market and widen its reach into places and communities that were previously excluded.

Our funding has focused on two strategic themes since our inception:

- ◆ **Demonstrating the value of blended finance** - By combining grants with repayable finance into a blended package, we enable intermediaries to provide smaller scale, higher risk, more patient and flexible, and affordable finance that meets the needs of a broad range of charities and social enterprises, particularly smaller organisations or those working in disadvantaged areas.

Strategic report (continued)

Introduction (continued)

- ◆ Championing enterprise development - By supporting charities and social enterprises to develop enterprise models, we help organisations to find a more secure financial footing and build a more sustainable and resilient sector, better placed to meet the evolving needs of communities.

Our impact lies not just in the programmes we fund, but in our influence over the broader social investment ecosystem. As we are now firmly in the second part of our planned ten-year fixed life, our work to share the learning we have generated, and mobilise action with a range of partners including social investors, foundations, and infrastructure bodies, is accelerating in order to maximise the potential for legacy.

In our operating model we seek to maximise opportunities to generate impact, 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.

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

2021 was a year when the impact of the COVID pandemic continued to be felt across the charity and social enterprise sector, the partners with whom we work, and within the organisation. It has also been a year of significant progress for the foundation in terms of the reach of our programmes, the development of our evidence base and the scope of our influence. We have also clarified our strategic role in the ecosystem and developed a range of future scenarios which could enable a continuation of Access's work if funders and stakeholders wish it so.

Across the two main types of funded programmes, significant achievements over the year include:

Blended Finance:

- ◆ The majority of our “Flexible Finance” programme was committed to social investment providers. The programme, made available through a distribution of dormant assets to Access in 2020, now totals £18.9m of an agreed commitment of at least £22m. During the year £7.6m was committed to eight funds with the aim to expand the patience and flexibility of the finance available to charities and social enterprises to support them in rebuilding their trading base following the pandemic. It is expected that the grant made available will leverage an initial £27m in senior investment.
- ◆ The “emergency lending” programme concluded in July. This programme, also enabled through dormant assets, had run since the summer of 2020, with the aim of enabling a greater range of charities and social enterprises to be able to utilise social investment as part of their strategy of dealing with the impact of COVID. Through partnerships with five social investment providers, 71 organisations were supported with a total of £5.6m in grants, which leveraged £15.6m of loans which would not otherwise have been viable.

Strategic report (continued)

Activities and specific objectives (continued)

- ◆ Our “Local Access” programme, in partnership with Big Society Capital, continued to evolve in six places across England, where local partnerships are seeking to develop their local social economy. From a dormant asset allocation of £10m, commitments of blended finance grant totalling £4.9m were made in Bristol; Hartlepool, Redcar and Cleveland; and Greater Manchester. In addition, Access committed a further £5.3m, from an £8m allocation of its own endowment, to support enterprise development activity in these three places as well as Gainsborough. Proposals from Bradford and Southwark are expected in early 2022.
- ◆ The Growth Fund, a partnership between The National Lottery Community Fund and Big Society Capital, which Access manages, has continued to adapt to the impact of COVID on the sector. During the year, 12 of the 14 social investors delivering the programme were still lending while work continued to adjust fund sizes. £7.2m was invested in charities and social enterprises during the year. Since 2016 the programme has made available £41.79m to 514 organisations. In response to the pandemic the funding partners made more than £1m additional direct grant available to borrowers in the programme, and Access committed a further £0.9m in business support grants to Growth Fund investees. The latter supported 106 organisations with a median size of grant of £6k.

Enterprise Development:

- ◆ Two new sector partners joined the Enterprise Development Programme (EDP): Groundwork, supporting the environment sector; and the Ubele Initiative, supporting charities and social enterprises led by people from black and minoritized communities. Across the total of six sectors, 65 organisations were recruited into the EDP during the year, and the programme to date has supported 145 organisations.
- ◆ The Reach Fund, which supports organisations who are getting ready to take on investment but who need support to do so, and is delivered by the Social Investment Business, was extended for a further five years with an additional commitment of £10m from Access. During the year 73 grants were made through the programme bringing the total to date to 662. Demand remains subdued as a result of COVID but is expected to pick up in 2022.

In addition, The Connect Fund, our programme to strengthen the sector's infrastructure, run by the Barrow Cadbury Trust, launched four new funding strands, which include supporting the sector to rebuild from the pandemic and continuing to develop work to progress equality, diversity and inclusion across social investment.

Our work in sharing learning and mobilising partners was significantly enhanced during the year with the creation of a new role of Director of Partnerships and Advocacy. Chloe Stables joined the team in this role in September.

Strategic report (continued)

Activities and specific objectives (continued)

During the course of 2021 we worked closely with the Department for Digital, Culture, Media and Sport (DCMS) to ensure that the supply of small-scale unsecured loans would continue at the point when the Growth Fund becomes fully committed in 2022. Through sharing the evidence of the impact generated by our partners, in particular the extent to which the Growth Fund has invested heavily in more deprived communities, we were able to secure a commitment from dormant assets of £20m in December 2021 to fund a new blended finance programme will launch in 2022.

In securing ongoing provision of blended finance for small-scale unsecured loans, we were also able to negotiate a clear plan for ending the deployment period of the Growth Fund, with a small number of funds continuing their deployment until the end of 2022 to ensure there is no gap in the supply of finance for the sector.

Other significant achievements during the year include:

- ◆ The launch of 5 lessons from 5 years, a series of podcasts highlighting the key learning from our work to date;
- ◆ The publication and dissemination of evaluations on the Reach Fund and the Impact Management Programme (which ran from 2016-18); and the conclusion of work from the evaluators of the Growth Fund of the second major evaluation of the programme (which was subsequently published in January 2022);
- ◆ A joint report with partners at Social Investment Business and Power to Change on the collective reach of our funding to black and minoritized communities, and how this can be increased;
- ◆ Convening a group of key stakeholders across the social economy and coordinating interaction with government around key areas of policy such as Levelling Up, COVID recovery and dormant assets;
- ◆ Contributing evidence and data to a wide variety of research projects including on the size of the impact investing sector, encouraging foundations to invest for impact, and on place based social investment;
- ◆ Publishing regular articles and think pieces, including via a regular column in Third Sector; and
- ◆ Publishing an updated impact report on our endowment portfolio.

In June 2021 the Oversight Trust, Access's parent, published the findings of an independent quadrennial review into Access's effectiveness and impact to date. The results were very encouraging. The report concluded that: "(Access) has significant positive impact on the Charity and Social Enterprise (CSE) sector's infrastructure and investment", and that "Access' activities have strong CSE sector support and are delivered through an effective agile organisation that demonstrates values and alignment with the sector."

The quadrennial review also identified six recommendations for the future, which include working with government to secure long term sources of blended finance, and further enhancing work around ED&I within Access and across the sector.

Strategic report (continued)

Activities and specific objectives (continued)

On the former, Access's sponsoring department in Government, DCMS, ended the year by commissioning a review to consider the value of, and future for, blended finance solutions in the social investment market. This will conclude in Q2 2022.

Future objectives and planned activities

During the latter part of the year the Trustees concluded an exercise in refreshing the organisation's strategy. This was largely based on the work of a task-and-finish group of the board which explored a range of questions about how Access can best maximise its legacy.

The refreshed strategy includes an updated theory of change which more clearly defines Access's broader role in the ecosystem, rather than just focusing on the delivery of our programmes, and identifies the risk of progress being lost if there is not a long-term supply of grant for blended finance in the market beyond Access's current programmes.

In working towards our vision of an investment eco-system that works for all charities and social enterprises, helping to create stronger communities, we have identified eight key areas of work. We will measure our progress with four primary indicators, and five secondary indicators.

Key areas of programme work over the year ahead:

- ◆ Provide grant funding enabling the development of blended funds and fund pre-investment support.
 - ◇ Make the final commitment on the Flexible Finance programme
 - ◇ Launch and make the majority of commitments on our new blended finance programme supporting small-scale unsecured debt to the sector
 - ◇ Continue to effectively manage the Growth Fund as the programme concludes deployment to the sector
 - ◇ Support social investment providers in using the Reach Fund and continue to promote models of investment readiness
- ◆ Support the capacity and resilience of key partners, including their capacity to innovate. Stimulate partnerships to grow and be increasingly independent of Access
 - ◇ Continue to fund sector infrastructure via the Connect Fund
 - ◇ Design the Growth Fund successor programme to more clearly support the resilience of social investment providers
- ◆ Support Local Access places to champion the role of the social economy through delivering enterprise support and blended finance, and build the case for more support
 - ◇ Work with the remaining places to launch their blended finance funds and enterprise development programmes in 2022
 - ◇ Ensure all places are seeking to embed the development of the social economy into broader local policy making

Strategic report (continued)

Activities and specific objectives (continued)

- ◆ Develop and disseminate deeper and wider understanding of revenue models in different sectors. Build understanding of, and make the case for, enterprise grant-making and support.
 - ◇ Support the EDP partners, including those who are coming to the end of their funded programmes and joining the alumni community
 - ◇ Publish and widely disseminate detailed analysis of the revenue models operating in the six EDP sectors

Key areas of advocacy work over the year ahead:

- ◆ Make the case for the provision of long-term subsidy for blended finance
 - ◇ Lead a major campaign across the social investment sector to secure further grant for blended finance from the expanded dormant assets scheme
 - ◇ Continue to share evidence and impact of our programmes and that of others
- ◆ Support the development of the blended finance ecosystem and the flow of capital into blended structures
 - ◇ Work closely with Big Society Capital in seeking to attract co-investment into blended finance structures from a wider range of investors
 - ◇ Continue to improve data available to the market on blended finance deals
- ◆ Working with others to encourage and persuade foundations and other asset owners to align management of their assets with their impact and mission
 - ◇ Seek to engage foundations in the opportunity to invest in blended finance structures via their endowments
 - ◇ Promote our total impact approach via key foundation networks such as Association of Charitable Foundations (ACF)
- ◆ With key partners help build the movement of enterprise grants and help foundations value the role of enterprise in supporting resilience
 - ◇ Work closely with the School for Social Entrepreneurs, ACF and others to define the field of enterprise grant making in order to attract more foundations to support work in this area
 - ◇ Through the dissemination of data on business models, increase the opportunities for more charities and social enterprises to use this information
 - ◇ Build the evidence of increased resilience in the sector as a result of more enterprise income

Strategic report (continued)

Activities and specific objectives (continued)

We will measure our success over 2022 and beyond by tracking:

Primary goals:

- ◆ More investment flows to charities and social enterprises who would not otherwise be able to access appropriate finance
- ◆ Organisations who have been supported through our programmes are more financially resilient than they were before / would otherwise be
- ◆ Proportionally more of our money is flowing to deprived places and to protected groups
- ◆ Sources of subsidy for blended finance are secured for the foreseeable future

Secondary goals:

- ◆ More foundations are engaging with the enterprise taskforce and actively supporting enterprise activity
- ◆ Charities and social enterprises feel more confident in describing their business models
- ◆ There are a greater number of co-investors in blended finance structures
- ◆ Intermediaries we work with report that they are more resilient than they were
- ◆ More foundation assets are invested for impact

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. During the year the Senior Independent Trustee, Martin Rich, undertook a series of interviews with each trustee to assess the performance of the board. The outcomes of this exercise were positive with a small number of recommendations to be taken forwards. The board will undertake an independent review in 2022.

Governance, structure and management (continued)

Key management personnel

The key management personnel of Access comprise 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 charitable company 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 charitable company and of 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 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);
- ◆ 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 charitable company 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 charitable company and enable them to ensure that the accounts comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Governance, structure and management (continued)

Statement of trustees' responsibilities (continued)

Each of the trustees confirms that:

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

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

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 Fair4All 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)

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, or further resources can be made available for the organisation's work to continue. The refreshed strategy and the renewed focus on learning and advocacy work are a key mitigant. A major focus of the organisation's work in the year ahead will be securing further resources from dormant assets for blended finance.

The ARCC is also actively managing risks relating to specific programmes and the ongoing 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 and Treasury

Endowment

The Capacity Building programmes, Listening, Learning and Sharing Knowledge (Market Championing) work, and a portion of Access' running costs are 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.

Investments and Treasury (continued)

Endowment (continued)

Rathbones were appointed as the endowment's asset managers in early 2016 and at year end, they had £31.4m (2020 - £40.0m) 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.

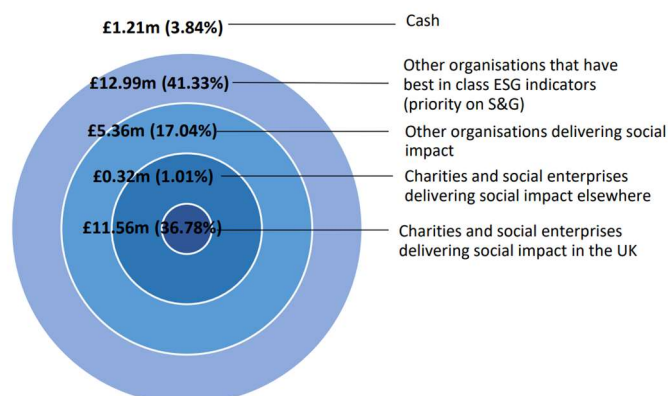
In terms of the impact that the portfolio will seek to achieve, we have adopted a tiered view of the varying degrees of impact. In descending order, Access invests in:

1. Charities and social enterprises delivering social impact in the UK – at 31 December 2021 this was 36.78% 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 2021 this was 1.01% of total investments (Tier 2)
3. Other organisations delivering social impact – at 31 December 2021 this was 17.04% 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 2021 this was 41.33% of total investments (Tier 4)
5. Cash - 3.84%

This is best represented by a diagram shown below:

Portfolio mapped to the Bull's eye framework as at 31 December 2021

Portfolio mapped to the Bull's Eye Framework as at 31 Dec 2021:



Impact reports are published on our website. The latest report is for the period to December 2020. Future 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. Access – The Foundation for Social Investment **13**

Investments and Treasury (continued)

Capital Preservation Funds (continued)

As 31 December 2021 there were two Capital Preservation Funds:

- ◆ The Local Access Dormant Accounts Fund; and
- ◆ The 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 cash deposit rates is targeted over the period that the capital is invested and with a liquidity profile that is appropriate for the time horizon. This was met during the year. 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 risk factors.

Investment performance - Endowment

Rathbones continued to act as our asset manager throughout 2021. At 31 December 2021, the market value of these investments stood at £31.4m (2020 - £40.0m) which included cash held of £ 1.2m (2020 - £4.5m). The cost of these investments amounted to £40.6m, and there was an unrealised loss on the change in market value of £315k. Income from this investment portfolio amounted to £1.2m.

The investment portfolio achieved a Time Weighted Return (TWR) for 2021 of 0.62%. (2020 3.57%) The target TWR per year is 2-3%. With the backdrop of Covid and rising interest rates affecting the bond market, 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.

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.

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 continue to monitor the holdings 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 deficit of £5.5m (2020 – surplus for the year of £0.68m). The result reflects the spend-down of our endowment in accordance with our mission and the utilisation of restricted grants received, offset by grants received and investment income from the endowment. The surplus in the prior year was driven by the receipt of the final £5m tranche of the endowment from DCMS, and reduced demand for some grant programmes owing to the pandemic.

Income from grants in 2021 was £6.17m (2020: £7.97m). The 2021 grant income includes recognition of £6.05m 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.

Other sources of income include investment income of £1.24m (2020 - £1.60m)

The charity's endowment will be spent over the next four 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 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 funded by £8m of Access's endowment. The original £10m restricted fund is expected to be spent over the next three to five years. The relevant portion of support costs are being charged to the £10m fund.

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

Despite the slowdown caused by the pandemic, during the year to 31 December 2021 expenditure on charitable activities totalled £12.8m (2020 - £8.7m) made up as follows:

	2021	2020
	£m	£m
Capacity Building	4.7	4.5
Blended Finance	7.6	3.8
Listening Learning and Sharingknowledge	0.5	0.4
	12.8	8.7

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 2021 to 8.3 (2020 – 8.0).

Staff costs for the year were £569k (2020 - £506k).

Costs were incurred of £99k (2020 - £117k) 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.

Financial review (continued)

Reserves policy and financial position

The balance sheet shows total funds of £44.5m (31 December 2020 - £50.89m).

These funds include expendable endowment funds of £27.54m (2020 - £34.53m). 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 £31.4m (2020 - £40.05m), with the fall in value largely being amounts drawn down during the year for programmes.

Included in total funds is an amount of £9.6m (2020 - £9.9m) which is restricted. This consists of two funds:

- ◆ The 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 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 2021 £12.1m 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 2021 total £7.4m (2020 - £6.4m). 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 endowment will in turn continue to be spent over the next four 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 2021

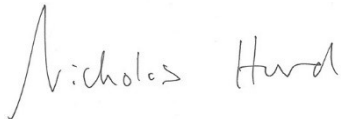
Auditors

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 dark 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: 27 April 2022

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 2021 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 2021 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; and
- ◆ we have not received all the information and explanations we require for our audit.

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;
 - ◇ 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;

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

- ◇ 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.

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.



20 May 2022

Edward Finch (Senior Statutory Auditor)

For and on behalf of

Buzzacott LLP,

Statutory Auditor

130 Wood Street

London

EC2V 6DL

Statement of financial activities Year to 31 December 2021

	Notes	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	2021 Total funds £'000	2020 Total funds £'000
Income and endowments from:						
Grants and other sources for charitable activities	1	—	6,167	—	6,167	7,971
Investments	2	1,237	6	—	1,243	1,597
Total income		1,237	6,173	—	7,410	9,568
Expenditure on:						
Raising funds	3	—	—	99	99	117
Charitable activities	4					
. Capacity Building		—	—	4,663	4,663	4,528
. Blended Finance		254	6,523	793	7,570	3,833
. Listening, Learning & Sharing Knowledge		—	—	535	535	406
Total expenditure		254	6,523	6,090	12,867	8,884
Net income (expenditure) for the year before losses on investments	6	983	(350)	(6,090)	(5,457)	684
Net investment (losses) gains	11	—	—	(901)	(901)	25
Net income and net movement in funds		983	(350)	(6,991)	(6,358)	709
Reconciliation of funds:						
Total funds brought forward		6,407	9,946	34,533	50,886	50,177
Total funds carried forward		7,390	9,596	27,542	44,528	50,886

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.

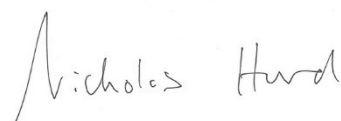
Prior year statement of financial activities Year to 31 December 2020

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

Balance sheet as at 31 December 2021

	Notes	2021 £'000	2021 £'000	2020 £'000	2020 £'000
Fixed assets					
Tangible assets	10		17		2
Investments	11		31,402		40,047
			<u>31,419</u>		<u>40,049</u>
Current assets					
Debtors due within one year	12	173		273	
Cash at bank and in hand		<u>27,893</u>		<u>30,792</u>	
		28,066		31,065	
Creditors: amounts falling due within one year	13	<u>(14,957)</u>		<u>(20,228)</u>	
Net current assets			<u>13,109</u>		<u>10,837</u>
Total net assets			<u>44,528</u>		<u>50,886</u>
The funds of the charity:					
Endowment funds	14		27,542		34,533
Restricted funds	15		9,596		9,946
Unrestricted funds					
. General fund			7,373		6,405
. Tangible fixed assets fund			<u>17</u>		<u>2</u>
			<u>44,528</u>		<u>50,886</u>

Approved by the trustees and signed on their behalf by:



Nick Hurd

Trustee

Approved by the trustees on: 27 April 2022

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 2021

	Notes	2021 £'000	2020 £'000
Cash (used in) provided by operating activities	A	(11,926)	18,102
Cash provided by investing activities	B	5,785	4,370
Change in cash and cash equivalents in the year	C	(6,141)	22,472
Cash and cash equivalents at 1 January 2021		35,275	12,803
Cash and cash equivalents at 31 December 2021		29,134	35,275

Notes to the statement of cash flows for the year to 31 December 2021

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

	2021 £'000	2020 £'000
Net movement in funds	(6,358)	709
Depreciation charge	2	1
(Gains) losses on investments	844	(25)
Investment income	(1,243)	(1,597)
Decrease (increase) in debtors	100	(206)
Increase in creditors	(5,271)	19,220
Net cash provided by operating activities	(11,926)	18,102

B Gross cash flows from investing activities

	2021 £'000	2020 £'000
Investing activities		
Payments to acquire tangible fixed assets	(17)	(1)
Disposal of tangible fixed assets	—	—
Investment income	1,243	1,597
Purchase of investments	(2,608)	—
Proceeds from disposals of investments	7,167	2,774
Net cash provided by investing activities	5,785	4,370

Statement of cash flows Year ended 31 December 2021

C Analysis of changes in cash and cash equivalents

	At 31 December 2020 £'000	Cash Flows £'000	At 31 December 2021 £'000
Cash held by investment managers	4,483	(3,242)	1,241
Cash at bank and in hand	30,792	(2,899)	27,893
Total	35,275	(6,141)	29,134

	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

Principal accounting policies Year ended 31 December 2021

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 2021.

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 2019'), 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.

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 of 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.

Principal accounting policies Year ended 31 December 2021

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 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 are 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.

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

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 |
|----------------------------------|-------------------------------|

Principal accounting policies Year ended 31 December 2021

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 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 2021

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	2021 Total funds £'000
The National Lottery Community Fund	116	—	116
Dormant Account (COVID-19)	6,051	—	6,051
2021 Total funds	6,167	—	6,167

	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

2 Income from investments

	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	2021 Total funds £'000
Investment income receivable	1,200	—	—	1,200
Interest receivable	37	6	—	43
2021 Total funds	1,237	6	—	1,243

	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

3 Expenditure on raising funds

	Endowment funds £'000	2021 Total funds £'000
Investment manager fees	99	99

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

4 Expenditure on charitable activities

	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	2021 Total funds £'000
Capacity Building				
. Grants	—	—	3,199	3,199
. Project management costs	—	—	1,264	1,264
. Support costs (note 5)				
.. Office costs	—	—	36	36
.. Staff costs	—	—	148	148
. Governance costs	—	—	16	16
	—	—	4,663	4,663
Blended Finance				
Grants	—	5,038	641	5,679
Project management costs	—	1,362	152	1,514
. Support costs (note 5)				
.. Office costs	46	22	—	68
.. Staff costs	188	91	—	279
. Governance costs	20	10	—	30
	254	6,523	793	7,570
Listening, Learning and Sharing Knowledge				
. Research costs	—	—	343	343
. Support costs (note 5)				
.. Office costs	—	—	35	35
.. Staff costs	—	—	142	142
Governance costs	—	—	15	15
	—	—	535	535
2021 Total funds	254	6,523	5,991	12,768

4 Expenditure on charitable activities (continued)

	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	2020 Total funds £'000
<i>Capacity Building</i>				
. 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
<i>Blended Finance</i>				
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
<i>Listening, Learning and Sharing Knowledge</i>				
. 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

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 helping 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. During 2021 the first operational grants were issued.
- ◆ 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 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			2021 Total funds £'000
	Capacity Building £'000	Blended Finance £'000	Listening, Learning and Sharing Knowledge £'000	
Staff costs	148	278	142	568
Governance costs	36	68	35	139
Office costs	16	30	16	62
	200	376	193	769

	Charitable activities			2020 Total funds £'000
	Capacity Building £'000	Blended Finance £'000	Listening, Learning and Sharing Knowledge £'000	
Staff costs	130	251	125	506
Governance costs	13	24	12	49
Office costs	34	65	33	132
	177	340	170	687

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	2021 Total funds £'000	2020 Total funds £'000	Basis of apportionment
Staff costs	569	506	Estimated time spent on each of the charity's core activities
Governance costs	61	49	
Office costs	139	132	
	769	687	

6 Net income

This is stated after charging:

	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	2021 Total funds £'000
Staff costs (note 7)	188	91	290	569
Auditor's remuneration				
. Statutory audit assurance	20	—	—	20
Depreciation	2	—	—	2

	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

7 Employee and key management remuneration

Summary

Staff costs during the period were as follows:

	2021 £'000	2020 £'000
Wages and salaries	461	412
Social security costs	54	48
Other pension costs	54	46
	569	506

Staff numbers

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

	2021 Number	2020 Number
Charitable activities		
. Capacity Building	1.0	1.0
. Blended Finance	5.5	5.0
. Listening, Learning and Sharing Knowledge	1.8	2.0
	8.3	8.0

The average number of employees employed during the year to 31 December 2021 was 8.3 (2020 – 8.0).

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:

	2021 Number	2020 Number
£60,001 - £70,000	1	1
£70,001 - £80,000	1	1
£90,001 - £100,000	1	1

The Chief Executive received actual salary of £92k (2020 – £94.3k) in the financial year.

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 £374,885 (2020 – £343,323). One trustee received remuneration in respect of their services during the period totalling £6k (2020 – £7.5k). During the period out of pocket travelling expenses amounting to £180 (2020 – £890) were reimbursed to one (2020 – three) trustee.

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 £16,645 (2020 - £17,636) 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 2020	7	7
Additions	17	17
At 31 December 2021	24	24
Depreciation		
At 31 December 2020	5	5
Charge for period	2	2
At 31 December 2021	7	7
Net book values		
At 31 December 2021	17	17
At 31 December 2020	2	2

11 Investments

	2021 £'000	2020 £'000
Market value of listed investments at 1 January	35,043	37,792
Additions at cost	2,608	—
Proceeds from disposals	(7,110)	(2,774)
Net investment gains (losses)	(901)	25
Market value of listed investments at 31 December	29,640	35,043
Value of unlisted investments	521	521
Cash held by investment managers	1,241	4,483
	31,402	40,047
Cost of investments at 31 December 2021	32,384	40,608

Investments held at 31 December 2021 comprised the following:

	2021 £'000
UK fixed interest	30,881
UK equity	521
	31,402
	2020 £'000
UK fixed interest	40,005
UK equity	521
	40,526

At 31 December 2021 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 %
London & Quadrant Housing	2,005	6.65
A2D Funds Plc (4.75% bonds)	2,114	7.01
Places for People (4.25% bonds)	2,071	6.87
Aegon Ethical Corporate Bond F	1,622	5.38
Edentree Investment Management	1,514	5.02

11 Investments (continued)

	2019 Market value of holding £'000	2019 Percentage of portfolio %
<i>Wellcome Trust Finance</i>	2,218	5.54
<i>London and Quadrant Housing</i>	2,064	5.16
<i>Dolphin Square Charitable FD</i>	2,876	7.19
<i>Places for People</i>	2,180	5.45
<i>A2D funds plc</i>	2,079	5.20
<i>Greensleeves Homes Trust</i>	2,010	5.02

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

12 Debtors

	2021 £'000	2020 £'000
Due within one year		
Prepayments	173	16
Accrued income	—	90
Other debtors	—	167
	173	273

13 Creditors: amounts falling due within one year

	2021 £'000	2020 £'000
Trade creditors	2,079	41
Money held as agents (see below)	685	1,406
Taxation and social security	16	—
Accruals	63	368
Deferred income	12,114	18,413
	14,957	20,228

The movement on money held as agents during the year ended 31 December 2021 was as follows:

	2021 £'000
Funds held as agents as at 1 January 2020	1,406
Funds received from the National Lottery Community Fund	2,519
Fund distributed to investors	(3,240)
Funds held as agents at 31 December 2021	685

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

	2020 £'000
<i>Funds held as agents as at 1 January 2019</i>	727
<i>Funds received from the National Lottery Community Fund</i>	4,764
<i>Fund distributed to investors</i>	(4,085)
<i>Funds held as agents at 31 December 2019</i>	<u>1,406</u>

Access holds money received from the National Lottery Community Fund in order to distribute it to social investors who are delivering the Growth Fund. 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 2020 £'000	Income £'000	Expenditure, gains, losses and transfers £'000	At 31 December 2021 £'000
DCMS	34,533	—	(6,991)	27,542
	<u>34,533</u>	<u>—</u>	<u>(6,991)</u>	<u>27,542</u>

	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>

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 2020 £'000	Income £'000	Expenditure, gains, losses and transfers £'000	At 31 December 2021 £'000
Dormant accounts (Local Access)	9,946	—	(350)	9,594
The National Lottery Community Fund	—	116	(116)	—
Investments	—	6	(6)	—
Dormant accounts (COVID-19)	—	6,051	(6,051)	—
	9,946	6,173	(6,523)	9,596

	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

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

	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	Total 2021 £'000
Fund balances at 31 December 2021 are represented by:				
Tangible fixed assets	17	—	—	17
Investments	3,860	—	27,542	31,402
Net current assets	3,513	9,596	—	13,616
Total net assets	7,390	9,596	27,542	44,528
	<i>Unrestricted funds £'000</i>	<i>Restricted funds £'000</i>	<i>Endowment funds £'000</i>	<i>Total 2020 £'000</i>
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
			2021 £'000	2020 £'000
Total unrealised gains included above:				
On investments			(844)	(597)
Total unrealised gains at 31 December 2021			(844)	(597)
Reconciliation of movements in unrealised gains				
Unrealised losses at 1 January 2021			20	25
Less: in respect to disposals in the year			—	(5)
			20	20
Add: net gains arising on revaluation in the year			(864)	(617)
Total unrealised (losses) gains at 31 December 2021			(844)	(597)

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 month's notice.

Other than those transactions described above and detailed in note 7, there were no other related party transactions during the period (2020 – none). There were no donations from trustees in the year (2020 – none).

19 Financial instruments

	2021 £'000	2020 £'000
Financial assets		
Financial assets measured at fair value through profit or loss	58,774	70,318
Financial assets measured at cost less impairment	521	521
	59,295	70,839
Financial liabilities		
Financial liabilities measured at amortised cost	(2,827)	(1,815)
	(2,827)	(1,815)

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 the prior year balance sheet date, 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.

As at 31 December 2021 the charity had no such equivalent commitments.