

**COMPANY NO: 03522188**

**CHARITY NUMBER: 1068617**

**THE ACT FOUNDATION  
CONSOLIDATED  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2018**

**THE ACT FOUNDATION  
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FOR THE YEAR ENDED 31 MARCH 2018**

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**THE ACT FOUNDATION**  
**CHAIRMAN'S REVIEW**  
**FOR THE YEAR ENDED 31 MARCH 2018**

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I am delighted to report that new grants awarded by The ACT Foundation during the year to 31 March 2018 increased by 20% and stood at £3,979K, representing 4.28% of Net Asset Value (2017: £3,319K and 3.91%). Our target is an average 4% of Net Asset Value on a rolling 5-year basis, which we are currently achieving.

Grant pledges awaiting payment at the year-end totalled £4,000K (2017: £2,366K) some £1,158K in respect of grants awarded and accounted for in prior years and £2,842K awarded and accounted for in the current financial year.

At ACT, we believe that people living with a physical and/or mental disability or a long-term illness should have as many as possible of the same choices, quality of life opportunities and aspirations as others. In pursuit of this objective we work with other charities and approximately 95% of our giving, by value, is 'filtered' through our charity partners. Our financial support enables them to deliver projects in support of one or more of our funding priorities:

- **Health & Wellbeing** - supporting access to community facilities to maintain, improve and enhance general welfare.
- **Independent Living at Home** - helping people to live independently in their own home for as long as possible.
- **Respite** - enabling carers to take a break from the responsibility of caring for a loved one.
- **Transition** - supporting the journey through education and personal development programmes into employment, long-term volunteering or other meaningful daytime activity, housing and independent living.

We are extremely proud of the high-quality levels of service provision that our charity partners achieve and we would like to acknowledge the dedicated work that they do in directly supporting the beneficiary groups for whom we are seeking transformational change. 'Partners' that were awarded grants of £10K or more are listed on pages 46 to 49; they include three major awards of note:

- £500K to Thames Hospice towards the capital cost of building a new hospice in Bray which is due to open in 2020.
- £500K over 5 years to Friends of the Elderly to reach out to vulnerable elderly people throughout the UK who are living on a low income. Our grant, which will be 'match funded' by Friends of the Elderly, will help fund everyday items, small home repairs, adaptations etc. that will go a long way to enabling people to continue living independently in their own homes.
- £500K over 5 years to The Family Fund towards setting up a new service to extend the provision of help to the parents or carers of disabled or seriously ill young adults between the age of 18 and 25. As in the case of Friends of the Elderly above, our grant will be similarly 'match funded' by The Family Fund. These grants help to provide families the opportunity to enjoy similar life choices, quality of life and aspirations as those more fortunate.

In addition, we have committed £2.5M to expand our social investment programme, working in partnership with The Stable Family Home Trust, a charity supporting people with learning difficulties and The Brendoncare Foundation, a charity providing care for the elderly. This money will be used to provide supported living accommodation in local community settings near to Bournemouth and Winchester and builds on similar investments we made in previous years to The Hollybank Trust in Mirfield, West Yorkshire and Launchpad in Reading.

**THE ACT FOUNDATION**  
**CHAIRMAN'S REVIEW (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2018**

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Our grant making team was strengthened in the year with the appointment of Caroline Kendall as Operations Director in May 2017. Caroline has responsibility for the Charity team and implementation of the charitable giving strategy approved by Trustees. Additionally, we appointed Vicky Foot as Relationship Manager in August 2017. Reporting to Caroline, Vicky will help support the increasing number of charity partners with whom we work. The strengthening of this team has enabled us to be much more proactive in the work that we do supporting the most vulnerable in society. The team made 98 separate visits in the year to other charities across the UK, thereby greatly enhancing both our understanding of need and existing resources aimed at its alleviation.

There were 1,047 new applications in the year (2017: 1,022) of which 572 (54%) were rejected or withdrawn (2017: 635 & 62%). In an ideal world we would like to make grants to all applicants but our resources are limited and applications are rejected or withdrawn because they do not meet our funding priorities. In April 2018 we introduced a new online application process for charities and we anticipate that the clearer guidelines on eligibility will reduce the number of applications we reject.

Of the 393 grants awarded, 143 went to individuals and 250 to charity partners. The reduction in the number of grants received by individuals is a continuing trend which we expect to increase as we partner with new organisations such as those mentioned above. These organisations are better placed to assess the need and tangible benefit to individual claimants.

Discussions with our charity partners, supported by studies from the Department of Health, show that people living with disabilities and/or long-term illnesses prefer to live independently at home where stress and anxiety levels are lessened and, thereby, health and well-being promoted. Providing grants that help with independent living at home or which promote the health & wellbeing of this group outside the home is a key part of our charitable giving strategy and 73% of our donations this year were made in support of these themes.

We rely entirely on the performance of our investments to fund donations and I commented in my previous year's review that we had decided to sell one of our largest holdings, our entire shareholding in Basepoint. The sale completed in May 2017 at a significant capital gain to value. This sale has provided the free cash reserves to enable us to diversify our investment portfolio in line with our strategy to reduce our exposure to the UK property market. As part of this strategy to have a more balanced investment portfolio, Investec Wealth & Investment Limited were formerly appointed as our investment managers in November 2017 and they will invest up to £40M in accordance with an investment policy agreed by Trustees.

The value of the properties held for more than 12 months in our commercial property investment portfolio increased by 10.4% during the year to £47.4M and produced a total return of 17.3%, comfortably ahead of our 'benchmark' indices.

None of the above could be achieved without the dedication and support of everybody who is involved with ACT and my thanks go to my fellow Trustees, our professional advisors and, above all, our small but totally committed team, whose outstanding contribution has ensured yet another extremely successful year - together they are The ACT Foundation!

We face challenging times ahead with Government budgets under pressure and a growing need amongst those we seek to support. No matter what, we will, as we have always done, rise to the challenge, adapting, developing and growing this fantastic organisation of ours; building long-term relationships with other wonderful organisations, reaching out together to improve the quality of the lives of those in our society who are most in need.

**MA Street**  
**Chairman**

17 July 2018

**THE ACT FOUNDATION**  
**TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 31 MARCH 2018**

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The Trustees of The ACT Foundation (who are also Directors of the charity for the purposes of the Companies Act) present their annual report for the year ended 31 March 2018 under the Companies Act 2006 and the Charities Act 2011, together with the audited financial statements for that year. The financial statements comply with the Companies Act 2006, the charity's governing document and the relevant Statement of Recommended Practice (the Charities SORP (FRS 102)).

**REFERENCE AND ADMINISTRATIVE INFORMATION**

The ACT Foundation is a registered charity, registration number 1068617, and a company limited by guarantee, company number 3522188.

**Registered Office**        The ACT Foundation  
61 Thames Street  
Windsor  
Berkshire  
SL4 1QW

**Trustees, Directors and Member**

The Trustees (who are also Directors and Members of the charity) who held office during the year were as follows:

M A Street OBE	Chairman (3)
C J Clarkson	(2)
C M Erwood	(1)
R P Meadows	(2)
J J O'Sullivan MBE	(1) (3)
S C O'Sullivan	
A C Ross OBE	
D N Taylor	Deputy Chairman and Executive Trustee (2) (3)
R F White	(3)

- (1) – Members of the Audit & Compliance Committee
- (2) – Members of the ACT Management Board
- (3) – Members of the Remuneration Committee

During the year an indemnity insurance policy was maintained for the Trustees.

**Company Secretary**        J M Kerr

**Key Management**        D N Taylor  
J M Kerr  
C J Kendall  
P Morris

**THE ACT FOUNDATION  
TRUSTEES' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2018**

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**PROFESSIONAL ADVISERS**

<b>Auditors</b>	Crowe U.K. LLP Aquis House 49-51 Blagrove Street Reading Berkshire, RG1 1PL
<b>Bankers</b>	Royal Bank of Scotland Abbey Gardens 4 Abbey Street Reading Berkshire, RG1 3BA
<b>Investment Managers</b>	Investec Wealth & Investment Limited 30 Gresham Street, London, EC2V 7QN
<b>Treasury</b>	DMJ Consultancy Services Limited Tempus Wharf, 29a Bermondsey Wall West London, SE16 4SA
<b>Solicitors</b>	Russell Cooke LLP 2 Putney Hill London, SW15 6AB
<b>Property Advisors</b>	CBRE The Quay, 30 Channel Way Ocean Village Southampton, SO14 3TG

**THE ACT FOUNDATION  
TRUSTEES' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2018**

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## **STRUCTURE, GOVERNANCE AND MANAGEMENT**

### **Governing Document**

The ACT Foundation was established in 1994 with the grant of a gift of a mixed property investment portfolio valued at £24M. It is a charity registered with the Charity Commission, number 1068617 and is governed by Memorandum and Articles of Association (last amended 25 October 2017).

### **Governing Body**

The charity operates under the July 2017 Charity Governance Code for large charities. The members of the Governing Body are detailed on page 3. At each Annual General Meeting one third of the Trustees are subject to retirement by rotation. Retiring Trustees are eligible for re-appointment if a three quarters majority resolves it.

The Board may appoint one of their number as Chairman and there is no fixed term for this office. Trustees may also appoint one of their number as the Executive Trustee on such terms as they determine. Such an appointment shall terminate should that executive officer cease to be a Director.

Reasonable and proper remuneration can be paid to any Trustee for services undertaken in the administration of the charity provided that they withdraw from any meeting whilst such remuneration is discussed and that at no time a majority of Trustees benefit from such remuneration.

### **Organisational Management**

The members of the Board are legally responsible for the overall management and control of the charitable company. The Board has delegated some powers to 3 sub-committees; the Management Board covering investment, treasury and risk, the Compliance & Audit Committee and the Remuneration Committee. These sub-committees meet formally during the year as required. All Trustees, regardless of whether they are members of these sub-committees, are invited to attend the meetings.

The Trust's financial year runs from 1 April to 31 March and meetings of the full Trustee Board at which major grants are awarded were held in April, October and January. The Management Board has delegated powers from the Trustee Board to oversee the day to day management of an effective system of integrated governance and to monitor the implementation of the business strategy including investment management, treasury management, risk management and internal controls across the organisation's activities which also support the achievement of the organisation's objectives. The Management Board met in June, August, December and February.

During 2017, Trustees established an Audit & Compliance Committee to ensure the effective management of compliance and operational risk throughout the group in support of the strategy and in line with the risk appetite and the Governance, Risk and Control Frameworks. Their oversight includes compliance with the new GDPR Regulations which came into effect in May 2018. This Committee met in September.

The Remuneration Committee met in June and August.

The Trust is run on a day to day basis by The Executive Trustee, Denis Taylor, with the support of 3 Executive Officers:

- James Kerr, Group Investment and Compliance Director and Company Secretary.
- Petra Morris, Finance Director
- Caroline Kendall, Operations Director

Decisions on grants below £25,000 are delegated by the Trustee Board to the Executive.

**THE ACT FOUNDATION**  
**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2018**

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**Recruitment and training of Trustees**

Potential Trustees are identified by members of the Board and considered against the Board's requirements concerning eligibility, competence, specialist skills and knowledge gaps. They seek to achieve a balance of experience and background. Open advertising is considered when necessary. Training is regularly offered to all Trustees. Presentations are held in conjunction with the Board's meetings to address particular areas. Further training is offered at seminars and through briefings at regular meetings.

There is a comprehensive induction process for new appointees to the Board involving briefing meetings with the Chairman and Executive Officers and a documentation pack (circulated to all Trustees and regularly updated) containing all policies, procedures and business plans, as well as formal legal and statutory documentation.

**OBJECTS & PRINCIPAL ACTIVITIES**

**Objects**

The objective of the charity is to assist those in poverty or those who are aged and in need or who have a physical or mental disability and to do so in any one or more of the following ways: -

- provide assistance to persons wheresoever located who are in need by reason of youth, age, ill-health, disability, financial hardship or other disadvantage;
- prevent or relieve poverty;
- advance health;
- advance education;
- advance citizenship and community development

**Principal Activities**

The main activity of the charity is the award of grants to other UK registered charities by providing financial support to a wide variety of charitable projects that meet its objects, together with providing a small grants programme for individuals or families on very low incomes where the grant would support independent living at home and transform the quality of life of the beneficiary.

The charity aims to achieve the maximum possible beneficial impact from its grant-making and likes to fund charitable organisations which have difficulty in raising funds elsewhere and which can also tangibly demonstrate effective work in meeting the need of the charity's own objects.

The charity maintains a presence on the internet at [www.theactfoundation.co.uk](http://www.theactfoundation.co.uk) and from April 2018 charities are required to apply for grants online. For individuals, grant application forms are available from this website or the principal office.



**THE ACT FOUNDATION  
TRUSTEES' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2018**

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**STRATEGIC REPORT**

**Aims and Objectives**

The ACT Foundation's mission statement is "*ACT to enhance the quality of life for people in need*".

Trustees seek to use the income from the charity's investments to further their mission statement by providing most of their grant support to building-related projects, equipment provision and seed funding for pilot projects in the areas of primary focus. Annual target giving is set at 4% of Net Asset Value (NAV) over a rolling 5-year average.

The charity employs an Operations Director, Caroline Kendall, to oversee charity operations and she is supported by a small team to enable applications to be assessed and grants to be made within the criteria laid down by Trustees.

The grants team was expanded in August with the appointment of Vicky Foot to the newly created post of Charity Relationship Manager. Vicky will be responsible for researching potential new partners and building on the relationships with existing partners. In the year 98 visits to charities across the UK were undertaken by the charity team. As well as speeding up the application process for charities, the introduction of the online application process creates a valuable CRM tool which we will use to help develop our plans on grant giving and priorities for the future.

At ACT we believe that people living with a physical and/or mental disability or a long-term illness should have the same choices, quality of life opportunities and aspirations as others. Under our grant making policy the priority is to provide financial support that enables one or more of our themes to be met. In summary, our themes and, therefore, priorities are:

**Health and Wellbeing**

*Supporting access to local community facilities that help maintain, improve and enhance general welfare*

**Case Study**

£18,000 to The Neuromuscular Centre Midlands, [www.musculardystrophyuk.org/support-hub/near-you/services/nmc-midlands-2/](http://www.musculardystrophyuk.org/support-hub/near-you/services/nmc-midlands-2/) a charity that supports people with muscular dystrophy by providing physiotherapy and other tailored therapies. Our grant will be used over three years to support their plans to provide a new satellite clinic in Birmingham where approximately 25% of their service users live.

**THE ACT FOUNDATION**  
**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2018**

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**Independent Living at Home**

*Helping people with disabilities or those that suffer from a long-term illness to live independently in their own home for as long as possible.*

**Case Study**

We have partnered with Whizz-Kidz, [www.whizz-kidz.org.uk](http://www.whizz-kidz.org.uk) for the last twelve years and this year's £250,000 match funding award helped them to provide vital mobility aids and support to many young people aged up to 18 years old.

Six-year-old Amanda from Manchester was born with a neuromuscular disorder that causes weakness in her upper and lower body meaning she is unable to walk for long distances, climb steps and she is prone to falling. Before receiving her powered wheelchair from Whizz-Kidz, Amanda was completely dependent on other people to push her in her old manual wheelchair. Amanda is now an independent, happy and active child who can chase after her friends on the playground and enjoy days out in the park with her parents.

**Caroline, Amanda's mum, says:**

"Amanda used to be on her knees all the time at home She was unable to do things and I used to have to carry her around so my back used to hurt as well. At school, Amanda couldn't join in with PE lessons, she couldn't play with her friends during playtime and she was often on a bench sitting on her own. She had to stay inside when the weather was cold and although sometimes a friend would choose to stay with her inside, it was not fair to stop another child from enjoying their playtime outside".

**Respite**

*Enabling carers to take a break from the responsibility of caring for a loved one.*

**Case Study**

We awarded £25,000 to Sebastian's Action Trust, [www.sebastiansactiontrust.org](http://www.sebastiansactiontrust.org) towards a communal family room at their new centre, "Woodlands" in Crowthorne, Berkshire. Woodlands provides families with seriously ill children a fully accessible place to rest, relax and meet other families facing similar challenges.

Four-year-old Henry suffers with Koolen de Vries and Hurlers syndromes meaning he requires 24-hour care. The mother and baby groups his mum, Faye, attended with him did not cater for their needs and Faye found herself isolated before she was told about Sebastian's by another parent. Faye soon became a regular visitor and has developed a good network of friends. She sees them regularly at Sebastian's organised events such as chill and chats, pamper days and sleepovers which give her the opportunity to let her hair down and to have a break from providing constant care to Henry.

**THE ACT FOUNDATION  
TRUSTEES' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2018**

**Transition**

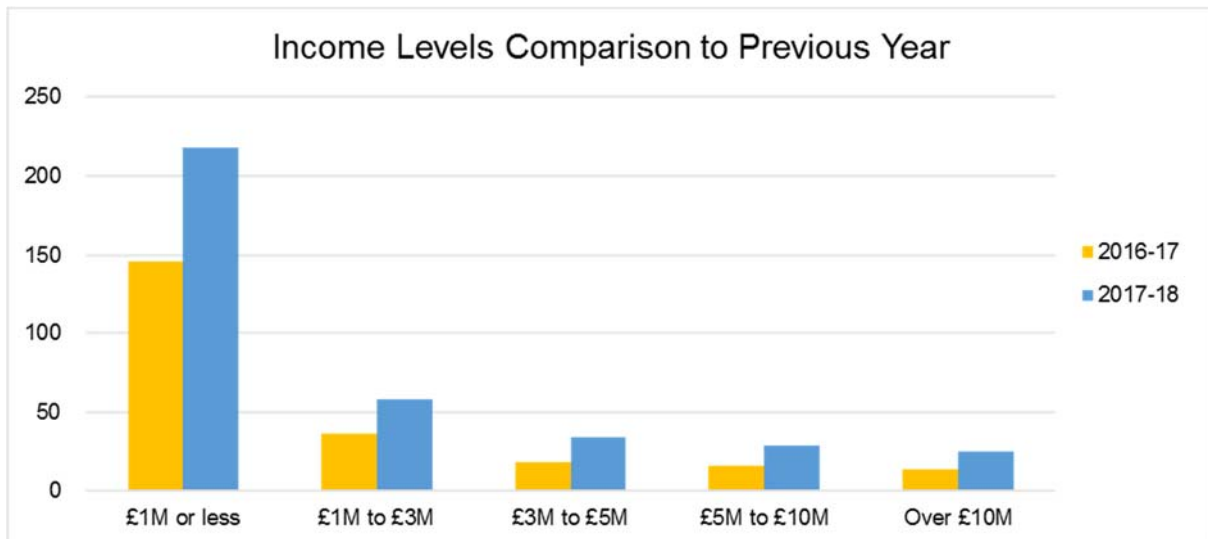
*Supporting people with disabilities to take the journey through education and personal development into employment, long-term volunteering or other meaningful daytime activity, housing and independent living.*

**Case Study**

In December 2017 we awarded £25,000 to Apple Cast North West, [www.castnw.net](http://www.castnw.net) which operates in an area of severe deprivation and provides education and training for children and young people with special educational needs, adults with additional needs and therapeutic support for people with mental health issues or learning disabilities. Their programmes help young adults transition into adulthood by providing key skills essential to employment which also develop their social skills and confidence. Our grant was towards the creation of a new cycle pathway accessible to wheelchairs, with landscaping, fencing, planting and informal "fitness stations" at points along the path. The paths will go around the entire site, creating links to all the different activities including the outdoor fishing ponds and garden centre.

Approximately 95% of our grants by value are awarded to other charities and, over time, we expect this to increase as we extend our partnerships with charities supporting individuals in their own homes. We believe these charity partners possess the proper resources and expertise to better assess the need and tangible benefit of grant awards to individuals.

We will continue to prioritise support towards small to medium sized charities where we believe our grants can make a real difference to the local communities they serve. 85% of our charity grants by number went to organisations with an annual income of less than £5M, with 60% being charities with an income of less than £1M. This strategy will continue into the foreseeable future. See chart below.



**THE ACT FOUNDATION**  
**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2018**

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By seeking to establish longer term relationships with charities working in areas and with beneficiaries that the Trustees have agreed to concentrate their grant making activities on, the objectives for the largest part, by value, of the grant making programme are met. We propose to expand our partner programme next year and are in discussion with Community Foundations and other grant making bodies with a view to establishing match funding programmes to tackle specific social issues around poverty.

Within the parameters set down by the Trustees, donations below £2,500 can be authorised by a staff committee. Between £2,501 and £10,000 staff committee recommendations must be authorised by the Operations Director. Grants of between £10,001 and £25,000 must be authorised by the Operations Director and one other Executive Officer. Grants of between £25,001 and £50,000 must be authorised by two Trustees, whilst all major donations over £50,000 are set before the full board for approval. In addition, all overseas donations over £30,000 must also be authorised by the full board.

The charity will continue to seek applications from individuals and other charitable organisations by advertising its existence and publicising its application procedures at its website. It is also listed as a grant maker under its beneficiary criteria in a number of other media, as well as with the Charity Commission.

We are continually working to make our grant making as easy as possible for the applicant. Alongside the online application process for charities, we revamped the website making navigation easier and provided more detailed information on what we will and will not fund, together with an explanation of our themes and priorities. Next year we plan to introduce an online application process for individuals to give them an added option for applying.

The charity is entirely reliant upon its investment income to fund its grant programme and does not publicly fundraise. Implementation of investment strategy is overseen by the Group's Investment and Compliance Director, James Kerr.

Under the investment strategy agreed by Trustees, the Group will generate income from a balanced investment portfolio which includes directly investing in, managing and maintaining property (both residential and commercial) to generate income. In addition, the charity employs Investec Wealth & Investment Limited (Investec) to manage investment in other asset classes, principally bonds and equities.

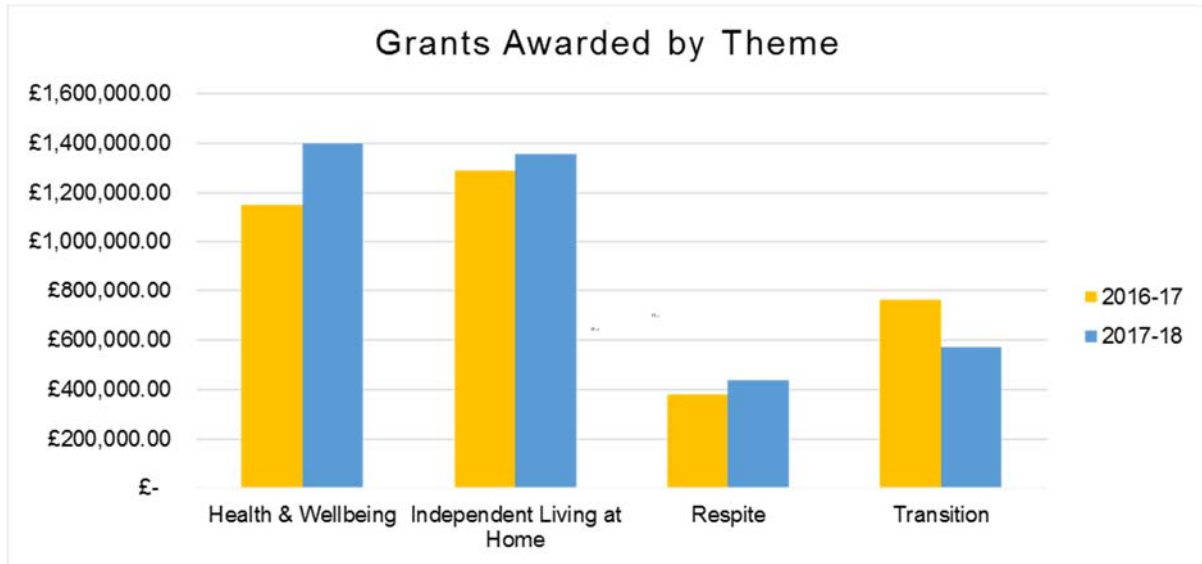
### **Achievements**

There were 1,047 new applications for the grants team to process in the year (2017, 1,022) of which 572 (54%) were rejected or withdrawn as not meeting one of our themes or other priorities (2017, 62%). In April 2018 we introduced a new online application process for charities and we anticipate that the clearer guidelines on eligibility will reduce the overall number of applications and the rejection rate. In addition, having had regard to the minimum income standard published by The Joseph Rowntree Foundation, Trustees have recently increased the household income thresholds used to define poverty. This will enable the grants team to reach out to more families in need and reduce the rejection rate for individual applications.

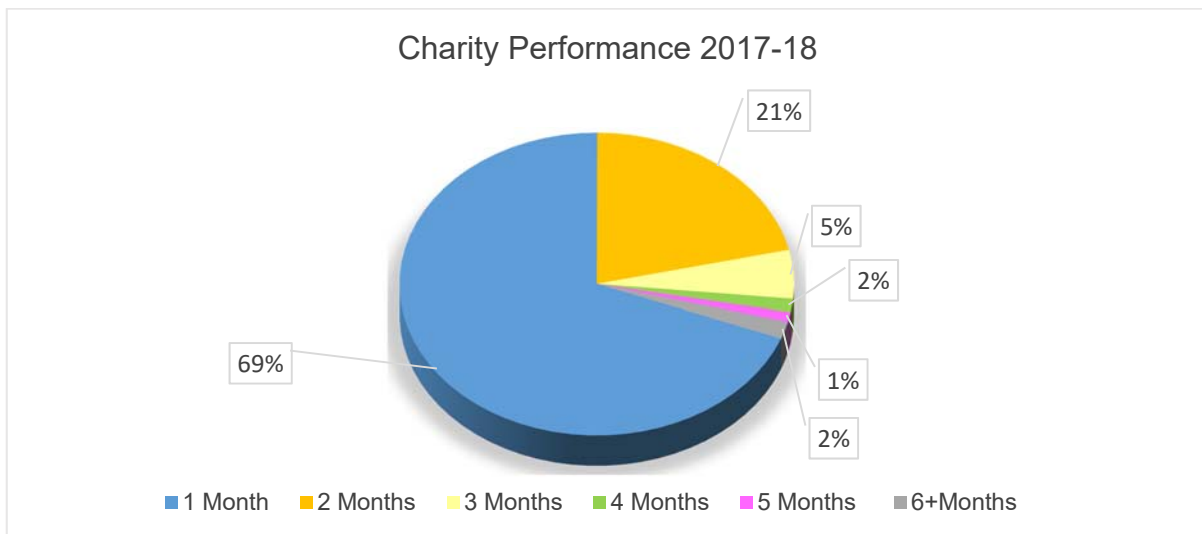
From the 1,047 applications, 393 grants (37.5%) have been awarded, 250 to charities at £3,576K and 143 to individuals at £185K. 82 applications were still under consideration at 31<sup>st</sup> March 2018. Each application is treated on its merits and grants are made having regard to the availability of funds, with priority given to those we consider have the greatest need and projects that will have the most significant and tangible benefit in improving the quality of life for beneficiaries.

**THE ACT FOUNDATION  
TRUSTEES' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2018**

The table below indicates our levels of grant giving by theme compared with the previous year.



We aim to make a decision on 95% of all applications within 3 months. Applications for major awards take longer mainly due to the cycle of Trustee Board meetings and the additional due diligence we undertake. As can be seen from the chart below we achieved our performance target.



In total, grant awards of £3,979K were accounted for in the year representing 4.28% of NAV (2017 £3,319K & 3.91%). This total included 3 large awards of £500K each to:

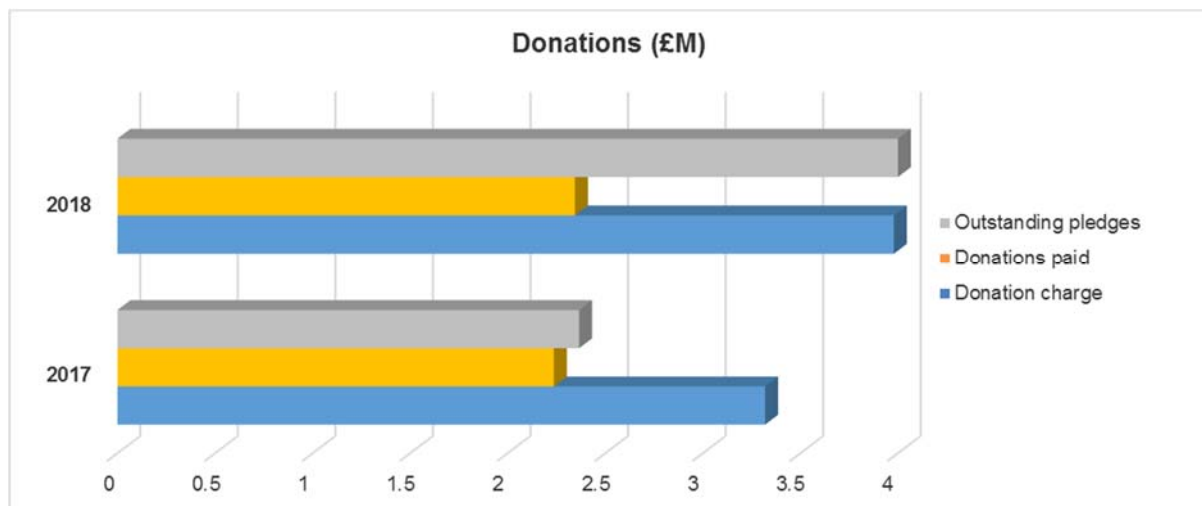
- **Thames Hospice.** The grant will be used towards the £18M cost of building a new state of the art hospice. The new hospice will have 28 inpatient beds in individual en-suite rooms and a new Day Centre which will offer a wider range of therapeutic and social activities for inpatients and outpatients, doubling the Hospice's day service provision. Our grant will fund the build and fit out

**THE ACT FOUNDATION  
TRUSTEES' REPORT (CONTINUED)  
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- cost of the Education and Learning Centre, a vital part of the Hospice that will provide palliative and end of life care training opportunities for healthcare professionals across the UK.
- **Friends of the Elderly.** The award will provide grants over a 5-year period to help fund everyday items and small home repairs and adaptations that will go a long way to enabling individuals to continue to live independently in their own home.
- **The Family Fund.** The grant will be used over the next 5 years to extend their grant making programme to the parents or carers of disabled or seriously ill young adults between the ages of 18 and 25. Currently grants are restricted to young people aged 17 years old or below. This new service will provide many more families with the opportunity to enjoy the same life choices, quality of life and aspirations as others.

Grant pledges awaiting payment at the year-end totalled £4,000K (2017, £2,366K) being £1,158K in respect of grants awarded and accounted for in previous years and £2,842K for grants awarded and accounted for in the current financial year.

**NB.** Donations are charged to the accounts in the year they are pledged. The fluctuating charge in respect of donations year on year reflects this accounting treatment.



Additionally, we have committed another £2.5M to expand our social investment programme to provide long-term supported living accommodation for people in need. Working in partnership with Stable Family Home Trust, a charity supporting people with learning disabilities and the Brendoncare Foundation, a charity providing care for the elderly, we have agreed to purchase properties in Bournemouth and Winchester which will then be leased back to them at economic rents. The purchase of the Bournemouth property, to be used by Stable Family Home Trust, completed in March 2018 and is now being adapted to meet the needs of its future residents. The Winchester property to be used by The Brendoncare Foundation, is under construction and is expected to complete in July 2018. Both properties will be in full use by autumn 2018. These two purchases build on similar social investments we made in previous years to The Hollybank Trust in Mirfield, West Yorkshire and Launchpad in Reading. Our flexible approach and expertise in property makes us an ideal partner in this area and we are in discussions with other charities with a view to bringing forward new social investments for next year.

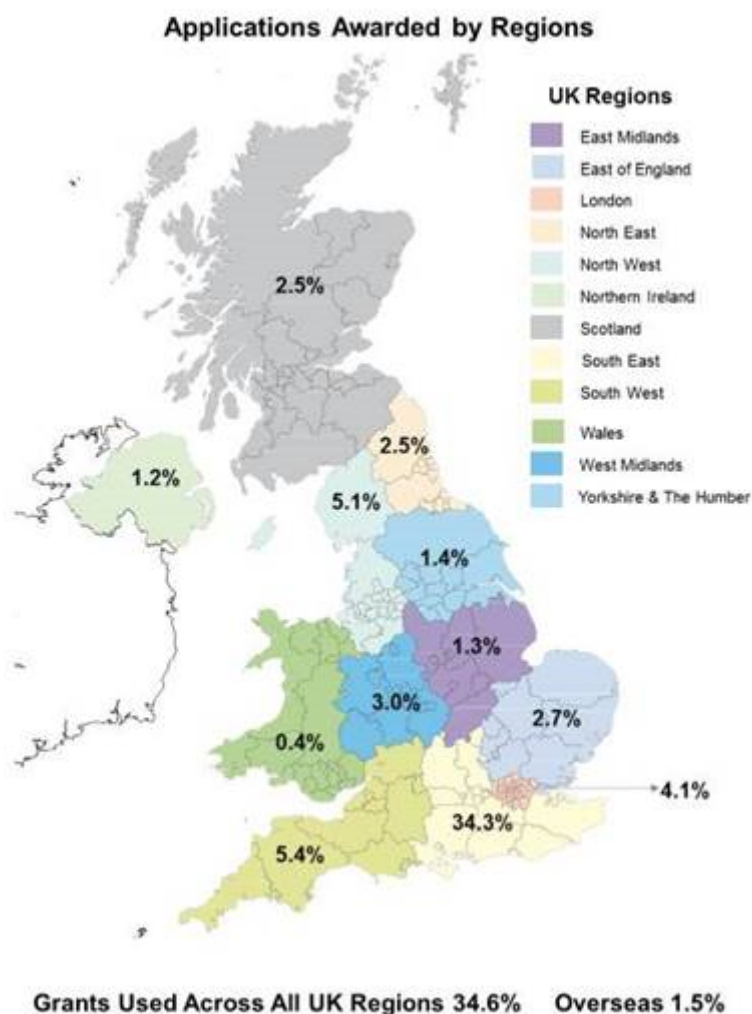
Discussions with our charity partners, supported by studies from the Department of Health, show that people living with disabilities and/or long-term illnesses prefer to live independently at home where stress and anxiety levels are lessened and thereby promote health and well-being. Providing grants that help with independent living at home or which promote the health & wellbeing of this group outside the home is a key part of our charitable giving strategy and 73% of our donations this year were made in support of these themes.

**THE ACT FOUNDATION  
TRUSTEES' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2018**

As described in last year's report, the Trustees have sold the building in Sao Paulo, Brazil which was vacated when the Meninos do Morumbi educational project for the children of shantytowns relocated. The company is holding the proceeds in cash, on deposit and the money will be used over time to provide financial support to other overseas charitable projects and in responding to natural disasters. Donations totalling £55,000 were made to 5 charities supporting work in other overseas areas, principally focusing on education, housing and work training.

The £200,000 interest free loan to Homeless International supporting funding for housing projects in India and Malawi was repaid during the year.

The chart below shows the % of grants awarded by value by region with the greatest proportion being used by charities operating multi regionally closely followed by charities operating across the south-east.



**Measuring impact**

The impact of our grant making is measured against what organisations and individuals tell us they are seeking to achieve. In most cases we are part of a funding consortium and only contribute a portion of the overall funding needed and cannot take sole credit for the many remarkable outcomes that are achieved, especially by our charity partners operating in the care and social services sectors for which we have much admiration.

**THE ACT FOUNDATION**  
**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2018**

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We have no generic set of objectives but believe our impact can be measured by the reporting we require on how grants have been used and what impact they have had on the beneficiaries, from the hundreds of thank you letters we receive each year from our beneficiaries, from seeing building projects and facilities delivered months and sometimes years earlier than would otherwise have been possible, from seeing pilot projects flourish and grow when others would not take the risk on funding and from seeing lives transformed with often just a very small financial contribution.

**Public Benefit**

The Trustees confirm that they have complied with the duty in Section 17 (5) of the Charities Act 2011 to have due regard to the guidance issued by the Charity Commission on public benefit. A very good measure of the public benefit that we create can be found in the grants listed on pages 46 - 49 of this report. The charitable purpose for the charity within the meaning of the Act is enshrined within its objects, as given in the memorandum and articles of association and the charitable objects are included in this report.

**Environmental impact**

In common with many businesses operating in this market, the group regularly reviews energy consumption and is committed to ensuring that it minimises its environmental impact and is able to comply with future carbon reduction commitment requirements.

The Trustees recognise that environmental protection is a very important issue and they are committed to minimising the environmental impact of the group's activities and, in particular, reducing CO<sub>2</sub> emissions, caused by energy consumption.

**Risk management**

The Trustees have examined the principal areas of the charity's operation and considered what major risks arise in each of these areas. They review risk on an annual basis and have established an Audit & Compliance Committee to oversee risk in between these annual reviews. This committee is also responsible for overseeing the charity's annual risk audit. The risk management strategy is concerned with ensuring that the level of risk involved is acceptable and that reasonable steps are taken to manage and control the risk. Trustees are satisfied that effective measures are in place to mitigate identified risks and the annual risk audit mentioned above ensures continued compliance with internal policies and procedures and helps identify new or changing risk profiles. The key risks have been identified and grouped under the following headings:

i) Governance

Having an inappropriate legal structure; acting unconstitutionally; failure to maintain proper records and accounts; not fulfilling regulatory requirements; failing to have appropriately skilled directors; failure to manage conflicts of interest.

Mitigation: Involvement of legal specialists as required, properly constituted boards and committees, employment of suitably qualified and experienced staff, external audit, timetabling of filling deadlines, regular Trustee training, clear conflicts of interest policies.

ii) Asset & Facilities Management

Failure to protect ownership of assets and investments; failure to have sufficient insurance; misappropriation of funds; fraud; failure to employ appropriately skilled staff; failure to control overheads; failure to maintain building fabric; systems failure; disaster or loss of premises.

Mitigation: Due diligence on all property acquisitions, regular review of risk and insurance cover, clear policies and procedures, employment of suitably qualified and experienced staff, external audit, budget setting and forecasting, building maintenance programme, remote data back-up and storage, contingency and disaster recovery plans in place and regularly tested.



**THE ACT FOUNDATION  
TRUSTEES' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2018**

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iii) Financial & Investment Management

Erosion of income and inappropriate investment returns; market economics; interest rate movements; exposure to derivatives; breach of banking covenants; adequacy of reserves and cashflow.

Mitigation: Monitoring and benchmarking investment performance, spread of investment (lease maturities, location, sector and covenant), cashflow forecasting, debt management, maintenance of good working relationships with lender.

iv) Compliance with Law & Regulation

Breach of legal and regulatory requirements.

Mitigation: External audit, involvement of specialist advisers as required, communication of policies and procedures between management and staff, external audit.

v) Grants & Donations

Inappropriate grant spend; lack of "value for money"; lack of grant applications; making inappropriate grants or grants outside of charitable objects.

Mitigation: Established policies and procedures, promotion, regular review at board level, ongoing monitoring programme.

In the opinion of the Trustees, the charity has established resources and review systems that, under normal conditions, should allow the risks identified by them to be mitigated to an acceptable level in its day-to-day operations. The Trustees also meet the auditors during the year to discuss the recommendations arising from their annual audit which helps inform their approach.

### **Fundraising**

The charity had no fundraising activities requiring disclosure under S162A of the Charities Act 2011.

### **PROVISION OF INFORMATION TO AUDITORS**

In determining how amounts are presented within items in the Statement of Financial Activities and balance sheet, the Trustees have had regard to the substance of the reported transaction or arrangement in accordance with generally accepted accounting principles or practice.

So far as each of the Trustees is aware at the time the report is approved:-

- there is no relevant audit information of which the company's auditors are unaware; and
- Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

### **AUDITORS**

On 25 June 2018, Crowe Clark Whitehill LLP changed its name to Crowe U.K. LLP.

Crowe U.K. LLP has indicated its willingness to be reappointed as statutory auditor.

**THE ACT FOUNDATION**  
**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2018**

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## **FINANCIAL REVIEW**

### **Investment policy and performance**

To support our grant-making, a sustainable level of operating surpluses is required from investment activities, increasing year on year, with underlying NAV growth. The charity operates a total return approach to investment with the objective of maximising total returns regardless of whether those returns accrue by way of income or capital growth.

Management of the investment portfolio is overseen by the Group's Investment & Compliance Director, James Kerr, with the support of external professional investment advisers and has the strategic long-term objective of providing a sustainable income stream to support our grant making strategy. To achieve a combination of both capital growth and income, the group has allocations across a mix of asset classes including commercial property, stocks, bonds and cash. A secondary long-term objective is to maintain the real value of the investment portfolio in perpetuity after grant spending.

The charity aims to spend on average 4% of its NAV every year in grant making and achieve an average total return before costs of 7% over the longer term. These objectives ensure the long-term sustainability and growth of our grant programme and protect the charity from any short-term volatility in the marketplace.

At the year end the portfolio included a mix of property held and managed directly by The ACT Foundation, spread across the various property sectors and with a range of lease expiry dates. There were 2 new acquisitions in the year, an office building in Southernhay Gardens, Exeter and a retail investment in Princes Street, Edinburgh. The value of the properties held for more than 12 months increased by 10.4% during the year to £47.4M and produced a total return of 17.3%, comfortably ahead of our benchmark indices. Property acquired in the year is held at cost and will be valued again at 31<sup>st</sup> March 2019.

An investment of £970K held in M&G Charibonds and at year end the value of this investment had fallen by 4.8% to £924K and yielded 3.5% of income.

In October 2017 we invested £5M in the Charities Property Fund and at the year end the value of this investment had increased to £5.130M. The first income distribution of £56K was received in February.

Following the sale of Basepoint last year in May 2017 all bank borrowings have been repaid and, in line with their strategy, Trustees will be using a significant portion of the net funds realised from the sale to create a more balanced investment portfolio therefore reducing exposure to the UK property market. To this end Trustees appointed Investec as investment managers in November 2017. Investec have a discretionary mandate and £40M has been allocated for investment by them within the guidelines set out in the Investment Policy agreed by Trustees. As at 31<sup>st</sup> March 2018 £6.3M had been invested by Investec, principally in global equities and bonds. Targets have been agreed to measure Investec's performance against industry benchmarks although it is too early in the investment cycle for these to be meaningful at the moment.

At the year end, The ACT Foundation had 8 subsidiary undertakings of which 5 are dormant or non-trading and are due to be struck off next year. The activities of the subsidiary undertakings are described in note 10 to the financial statements. The net income of the trading subsidiaries is disclosed in note 10b to the financial statements. These undertakings donated £6,608,294 (2017: £8,250,803) to the company under the gift aid scheme for the year.

The company's other investments represent; the entire share capital of ACG Participacoes Ltd, a company incorporated in Brazil which holds the net disposal proceeds from the sale of land and buildings from which a school was previously run for charitable purposes, a £250,000 loan advanced to Hollybank Trust, interest free and repayable over the next 2 years, to assist with the construction of accommodation for disabled children. The company completed the purchase of a property in Bournemouth in March at a cost of £544K which will be leased back to The Stable Family Home Trust and used to provide supported living accommodation for people with learning disabilities. Additionally, the company committed £2M to purchase 7 apartments in a development at Otterbourne near Winchester. Completion of the purchase is expected in July 2018 and the apartments will be leased back to The Brendoncare Foundation to provide supported living for families where one member of the family is living with dementia. All of these are regarded as social investments and part of the charitable objects of the charity.

**THE ACT FOUNDATION  
TRUSTEES' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2018**

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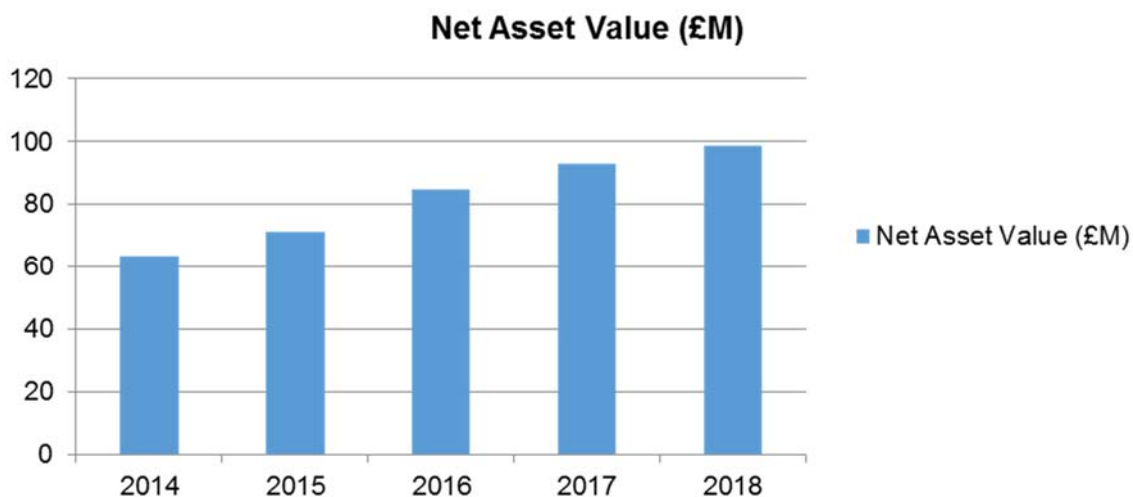
Overall unrealised gains on investment assets were £4.1M (2017: unrealised gains £1.6M). Trustees remain cautious as gains could easily be quickly eroded if the economy falters but, with no debt, the group is positioned to weather any downturn.

*Bank borrowings stood at £Nil at the year-end (2017, £52.5M) however the company retains access to a loan facility of £20M. All the financial covenants set by the bank for this facility and the charity's own internal gearing policy, continue to be comfortably met.*

Investment decisions under £10M are delegated to the Board of Directors of each subsidiary, or in the case of the charity, to a Management Board. Decisions regarding investments of more than £10M are authorised by the full Board.

Investment performance is formally reviewed by the Board on a quarterly basis. The overall performance of our property investment portfolio is benchmarked against the performance of the Property Income Trust for Charities (PITC) and the Charities Property Fund (CPF) as published by the Association of Real Estate Funds.

In the year ended 31 March 2018 the combined total return for The ACT Foundation's property investment portfolio held for more than 12 months was 17.3% (2017: 8.3%), which comfortably exceeded our 7% target and the benchmarks of PITC at 11.5% and CPF at 11.2% (2017, 3.8% and 6.9% respectively).



**THE ACT FOUNDATION  
TRUSTEES' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2018**

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**Reserves policy**

***After deducting the value of fixed assets held for the charity's own use, group reserves available for current activities are £96,653,367 (2017: £89,213,925). These reserves principally represent the equity in the property investments held to generate income for the charity.***

The policy is to ensure the charity has sufficient funds available to meet current and future grant commitments as well as service debt and to cover administrative costs of the charity. Grant-making is budgeted to average 4% of NAV annually, however, due to the requirement to recognise grants when they are pledged, the level of grants included in the financial statements varies from year to year. On average free reserves are not expected to exceed more than three years' worth of annual costs.

The level of reserves reflects all the investments that are held in order to generate income to support the charity's grant making activities.

If the value of these investments adjusted for borrowings is excluded from the calculation, the remaining free reserves are a surplus value of £25,717,557 (2017: £2,032,694).

The sale of Basepoint has provided the free cash reserves to enable the charity to diversify its investment strategy and reduce exposure to the UK property market. Increased free reserves are considered to be the short-term effect of this decision and will decrease over time as further funds are invested to provide a more balance investment portfolio, the income from which will continue to support grant making activities.

**The Trustees Report and the Strategic Report have been approved by order of the Board on**

**M A Street  
Chairman**

17 July 2018

**THE ACT FOUNDATION  
TRUSTEES' RESPONSIBILITIES  
FOR THE YEAR ENDED 31 MARCH 2018**

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The trustees (who are also directors of The ACT Foundation for the purposes of company law) are responsible for preparing the Trustees' Report, Strategic Report and the financial statements in accordance with applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under that law the trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards) and applicable law.

Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group 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 Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE ACT FOUNDATION

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## Opinion

We have audited the financial statements of The ACT Foundation for the year ended 31 March 2018 which comprise the Group Statement of Financial Activities, the Group and Company Balance Sheets, the Group Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charitable company's affairs as at 31 March 2018 and of the group's incoming resources and application of resources 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 group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Conclusions relating to going concern

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

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

## 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.

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE ACT FOUNDATION (CONTINUED)**

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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 our audit

- the information given in the trustees' report, which includes the directors' report and the strategic report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the trustees' report have been prepared in accordance with applicable legal requirements.

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

In light of the knowledge and understanding of the group and the charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report included within the trustees' 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:

- the parent company has not kept adequate accounting records; or
- the parent company 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.

### **Responsibilities of trustees**

As explained more fully in the trustees' responsibilities statement set out on page 19, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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 group's or 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.

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE ACT FOUNDATION (CONTINUED)**

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

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

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

Janette Joyce  
Senior Statutory Auditor  
For and on behalf of  
**Crowe U.K. LLP**  
Statutory Auditor  
**Reading**

17 July 2018



**THE ACT FOUNDATION**  
**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES**  
**(INCLUDING AN INCOME AND EXPENDITURE ACCOUNT)**  
**FOR THE YEAR ENDED 31 MARCH 2018**

	Notes	2018		Total £	2017		Total £
		Continuing operations £	Discontinued operations £		Continuing operations £	Discontinued operations £	
<b>Income and endowments from:</b>							
Investments							
- Income from properties including joint ventures		3,458,440	3,068,762	6,527,202	2,791,175	18,873,943	21,665,118
- Other investment income		<u>254,397</u>	<u>-</u>	<u>254,397</u>	<u>40,295</u>	<u>6,227</u>	<u>46,522</u>
		3,712,837	3,068,762	6,781,599	2,831,470	18,880,170	21,711,640
Other income		118,344	1,868	120,212	879,180	183,560	1,062,740
Donations and legacies		<u>-</u>	<u>-</u>	<u>-</u>	<u>101</u>	<u>-</u>	<u>101</u>
<b>Total income and endowments</b>		<u><b>3,831,181</b></u>	<u><b>3,070,630</b></u>	<u><b>6,901,811</b></u>	<u><b>3,710,751</b></u>	<u><b>19,063,730</b></u>	<u><b>22,774,481</b></u>
<b>Expenditure on:</b>							
<b>Raising funds:</b>							
- Property operating costs		(829,124)	(1,423,321)	(2,252,445)	(696,241)	(11,019,436)	(11,715,677)
- Loan interest and bank charges		(1,058,126)	(275,403)	(1,333,529)	(155,712)	(2,078,342)	(2,234,054)
- Investment management fees and costs		<u>(987,897)</u>	<u>-</u>	<u>(987,897)</u>	<u>(612,786)</u>	<u>-</u>	<u>(612,786)</u>
		<u>(2,875,147)</u>	<u>(1,698,724)</u>	<u>(4,573,871)</u>	<u>(1,464,739)</u>	<u>(13,097,778)</u>	<u>(14,562,517)</u>
<b>Net income available for charitable application</b>		<b>956,034</b>	<b>1,371,906</b>	<b>2,327,940</b>	<b>2,246,012</b>	<b>5,965,952</b>	<b>8,211,964</b>
<b>Charitable activities:</b>							
- Grant making costs		<u>(3,978,551)</u>	<u>-</u>	<u>(3,978,551)</u>	<u>(3,392,145)</u>	<u>-</u>	<u>(3,392,145)</u>
<b>Total expenditure</b>	6	<u><b>(6,853,698)</b></u>	<u><b>(1,698,724)</b></u>	<u><b>(8,552,422)</b></u>	<u><b>(4,856,884)</b></u>	<u><b>(13,097,778)</b></u>	<u><b>(17,954,662)</b></u>

The notes on pages 27 to 45 form part of these financial statements

**THE ACT FOUNDATION**  
**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED)**  
**(INCLUDING AN INCOME AND EXPENDITURE ACCOUNT)**  
**FOR THE YEAR ENDED 31 MARCH 2018**

	Notes	2018	Total	2017	Total
	Continuing operations	Discontinued operations	£	Continuing operations	Discontinued operations
	£	£	£	£	£
<b>Net (expenditure)/income before investment gains</b>	<b>(3,022,517)</b>	<b>1,371,906</b>	<b>(1,650,611)</b>	<b>(1,146,133)</b>	<b>5,965,952</b>
Gains on investment assets	<u>4,147,042</u>	<u>1,626,244</u>	<u>5,773,286</u>	<u>3,187,482</u>	<u>(97,994)</u>
<b>Net income</b>	<b>1,124,525</b>	<b>2,998,150</b>	<b>4,122,675</b>	<b>2,041,349</b>	<b>5,867,958</b>
<b>Other recognised gains</b>					
Revaluation gains on fixed assets	62,000	-	62,000	193,800	-
Fair value movement on derivative contracts	<u>1,399,911</u>	<u>-</u>	<u>1,399,911</u>	<u>72,998</u>	<u>-</u>
<b>Net movement in funds</b>	<u><b>2,586,436</b></u>	<u><b>2,998,150</b></u>	<u><b>5,584,586</b></u>	<u><b>2,308,147</b></u>	<u><b>5,867,958</b></u>
<b>Reconciliation of funds</b>					
Total funds brought forward at 1 April 2017			<u><b>92,981,323</b></u>		<u><b>84,805,218</b></u>
Total funds carried forward at 31 March 2018			<u><b>£ 98,565,909</b></u>		<u><b>£ 92,981,323</b></u>

The notes on pages 27 to 45 form part of these financial statements

**THE ACT FOUNDATION**  
**CONSOLIDATED AND CHARITY BALANCE SHEETS**  
**COMPANY REGISTRATION NUMBER: 03522188**  
**31 MARCH 2018**

	Notes	Group		Charity	
		2018 £	2017 £	2018 £	2017 £
<b>FIXED ASSETS</b>					
Tangible assets	9	<b>1,912,542</b>	3,767,398	<b>1,912,542</b>	1,875,247
Investments					
- Investment properties	10a	<b>55,130,000</b>	138,711,250	<b>55,130,000</b>	42,950,000
- Investments in subsidiaries	10b	-	-	<b>37,457,387</b>	21,932,404
- Programme related investments	10c	<b>1,650,296</b>	1,430,818	<b>1,643,796</b>	1,424,318
- Listed Investments	10d	<b>15,805,810</b>	969,981	<b>15,805,810</b>	969,981
		<b><u>74,498,648</u></b>	<u>144,879,447</u>	<b><u>111,949,535</u></b>	<u>69,151,950</u>
<b>CURRENT ASSETS</b>					
Programme related investments	10c	<b>125,000</b>	125,000	<b>125,000</b>	125,000
Debtors	12	<b>353,289</b>	5,433,552	<b>353,289</b>	61,979,082
Cash at bank and in hand	11	<b>36,305,232</b>	12,263,227	<b>36,294,788</b>	7,607,705
		<b>36,783,521</b>	17,821,779	<b>36,773,077</b>	69,711,787
<b>CREDITORS: Amounts falling due within one year</b>	13	<b><u>(4,708,878)</u></b>	<u>(60,854,488)</u>	<b><u>(42,149,321)</u></b>	<u>(56,138,809)</u>
<b>NET CURRENT ASSETS/ (LIABILITIES)</b>		<b><u>32,074,643</u></b>	<u>(43,032,709)</u>	<b><u>(5,376,244)</u></b>	<u>13,572,978</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>106,573,291</b>	101,846,738	<b>106,573,291</b>	82,724,928
<b>CREDITORS: Amounts falling due after more than one year</b>	14	<b><u>(8,007,382)</u></b>	<u>(8,865,415)</u>	<b><u>(8,007,382)</u></b>	<u>(8,865,415)</u>
<b>NET ASSETS</b>		<b><u>£ 98,565,909</u></b>	<u>£ 92,981,323</u>	<b><u>£ 98,565,909</u></b>	<u>£ 73,859,513</u>
<b>UNRESTRICTED FUNDS</b>					
Income and expenditure	15	<b>89,412,165</b>	81,461,040	<b>57,342,042</b>	52,369,670
Fair value reserve	15	<b>9,153,744</b>	11,520,283	<b>41,223,867</b>	21,489,843
		<b><u>£ 98,565,909</u></b>	<u>£ 92,981,323</u>	<b><u>£ 98,565,909</u></b>	<u>£ 73,859,513</u>

Included within the group results is a surplus of £24,706,396 (2017: £8,469,939 surplus) in respect of The ACT Foundation. Please refer to Note 4 for a summary of the charity and the significant subsidiary trading results. There are no recognised gains or losses other than those reported above.

Approved and authorised for issue by the trustees on 17 July 2018.  
and signed on their behalf by

M A Street  
Chairman

The notes on pages 27 to 45 form part of these financial statements

**THE ACT FOUNDATION**  
**CONSOLIDATED CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31 MARCH 2018**

	Notes	2018		2017	
		£	£	£	£
<b>Cash flows from operating activities:</b>					
<b>Net cash provided by operating activities</b>	17		157,163		8,601,638
<b>Net cash from investing activities:</b>					
Investment income		254,397		46,522	
Interest paid		(1,333,529)		(2,234,054)	
Purchase of property, plant and equipment		(20,765)		(1,066,403)	
Purchase of investments		(11,537,631)		(1,214,434)	
Purchase of investment property		(7,850,434)		-	
Proceeds from sale of investments		100,573,004		562,432	
Purchase of social investment		(544,478)		-	
Repayment of social investment		<u>325,000</u>		<u>125,000</u>	
<b>Net cash provided by/(used in) investing activities</b>			79,865,564		(3,780,937)
<b>Cash flows from financing activities</b>					
Loan repayments		<u>(52,500,000)</u>		<u>(7,500,000)</u>	
<b>Net cash used in financing activities</b>			<u>(52,500,000)</u>		<u>(7,500,000)</u>
<b>Change in cash and cash equivalents in the reporting period</b>			27,522,727		(2,679,299)
Cash and cash equivalents at the beginning of the reporting period			<u>12,263,227</u>		<u>14,942,526</u>
<b>Cash and cash equivalents at the end of the reporting period</b>			<u>£39,785,954</u>		<u>£12,263,227</u>
<b>Cash and cash equivalents are represented by</b>					
Cash at bank and in hand			36,305,232		12,263,227
Cash held with investment manager			<u>3,480,722</u>		<u>-</u>
			<u>£39,785,954</u>		<u>£12,263,227</u>

The notes on pages 27 to 45 form part of these financial statements

**THE ACT FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2018**

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**1. COMPANY INFORMATION**

The principal activity of the charity is to assist those in poverty or who are aged and in need or who have a physical or mental disability. The ACT Foundation and its subsidiaries continue to fund this through operating managed work space. The incorporated charity (registered number 03522188 and charity number 1068617), is incorporated and domiciled in the UK. The address of the registered office is 61 Thames Street, Windsor, Berkshire, SL4 1QW.

**2. ACCOUNTING POLICIES**

**a) Basis of accounting**

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) (effective 1 January 2015) – Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The ACT Foundation meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

The trustees consider that there are sufficient reserves at 31 March 2018 to manage any foreseeable downturn in the UK and global economy. The trustees consider that there is a reasonable expectation The ACT Foundation has adequate resources to continue in operational existence for the foreseeable future and for this reason, the trustees continue to adopt the 'going concern' basis in preparing the accounts.

**b) Basis of consolidation**

The consolidated accounts include the trading activities, assets and liabilities of the group subsidiary companies in accordance with the Charity SORP. Intra-group transactions have been eliminated on consolidation.

No separate SOFA or Income and Expenditure Account have been presented for the Charity alone as permitted by section 408 of the Companies Act 2006.

**c) Income**

Rental income is accounted for on an accruals basis. Trading turnover is included on the basis of sales invoiced or work done in accordance with the terms of contract. All other income, including payments under Gift Aid, is accounted for under the accruals concept.

Deferred income exists due to the fact that property income is invoiced in advance for rents due.

**d) Resources expended**

Expenditure is accounted for on an accruals basis and is classified under headings that aggregate all costs related to that category. Costs are allocated on a direct cost basis.

Governance costs comprise the cost of running the charity, including external audit, legal, consulting and construction and statutory compliance costs.

**THE ACT FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2018**

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**2. ACCOUNTING POLICIES (CONTINUED)**

**e) Liability recognition**

Liabilities in respect of grants payable are only recognised when the Grant Committee approves the grant and the recipient has met all conditions for payment.

**f) Investment properties**

Investment property is carried at fair value determined annually by external valuers and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the Statement of Financial Activities.

Where investment properties are held to be sold, the assets are reclassified as being current assets and included in the Balance Sheet at their open market values.

**g) Programme related investments**

Programme related investments are stated at the cost of investment.

**h) Other tangible fixed assets**

Depreciation is provided on other fixed assets, excluding freehold land, at rates calculated to write off their cost less estimated residual value over their useful economic lives as follows: -

Freehold buildings	- 2% on a straight-line basis
Furniture and equipment	- 15% on a straight-line basis
Computer equipment	- 25% on a straight-line basis
Plant and machinery	- 25% on a reducing balance basis
Motor vehicles	- 25% on a reducing balance basis
Assets under construction	- no depreciation

The capitalisation policy for the purchase of properties is to capitalise all the costs of purchase, any abortive costs are written off. For other fixed assets the capitalisation policy is set at £100.

**i) Investments**

Investments are stated at market value, or where no market value is readily available, at net asset value. Any changes on value are transferred to the fair value reserve. Realised gains are calculated based on net proceeds compared to the carrying amount and are credited or debited to reserves as appropriate.

**j) Reserves**

Reserves represent unrestricted funds available for the future activities of the Charity.

**THE ACT FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2018**

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**2. ACCOUNTING POLICIES (CONTINUED)**

**k) Pension costs**

The ACT Foundation Group participates in the Social Housing Pension Scheme (SHPS), and retirement benefits to employees of the Group are funded by contributions from all participating employers and employees in the scheme. It is not possible to identify the underlying assets and liabilities belonging to individual participating employers. Therefore the scheme cannot be consolidated into the accounts in accordance with FRS 102. However the ACT Foundation Group also makes deficit contribution payments to the Scheme, in accordance with FRS 102 these payments have been measured at fair value and included as a liability on the balance sheet. The expected cost to the Group of pensions is charged to the Statement of Financial Activities so as to spread the cost of pensions over the service lives of employees.

A defined contribution pension scheme including an auto enrolment arrangement is also operated by The ACT Foundation Group with the pension charge representing the amounts payable by the Group to the fund in respect of the year.

**l) Leased assets**

Payments made under operating leases are charged to the Statement of Financial Activities on a straight-line basis over the lease term.

**m) Taxation**

The ACT Foundation 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.

**n) Financial instruments**

Basic financial instruments include debtors and creditors. Debtors and creditors are initially recognised at transaction value and subsequently measured at amortised cost. Note 19 provides more information on financial instruments where future cash flows are anticipated, with financial assets referring to fixed asset investments (excluding investment property), cash at bank and in hand and debtor balances excluding prepayments, and financial liabilities referring to all creditor balances excluding deferred income and social security and other taxes.

Derivatives, including interest rate swaps, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in the Statement of Financial Activities. The charity does not currently apply hedge accounting for interest rate derivatives.

**THE ACT FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2018**

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**3. Significant judgements and estimates**

In the application of the charity's accounting policies, which are described in note 2, Trustees are required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects the current and future periods.

The key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are described in the accounting policies and are summarised below:

- Valuation of investment properties – the charity's land and buildings are stated at their estimated fair value based on professional valuations as disclosed in note 10a.
- Assumptions used for the calculation of the pension scheme deficit contribution liability.



**THE ACT FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2018**

**4. TRADING SUMMARY OF SUBSIDIARIES AND PARENT COMPANY**

The Charity had several wholly owned trading subsidiaries, details of which are given in Note 10b. The companies donate profits to the Charity under the Gift Aid scheme. A summary of the company and the significant subsidiary trading results are shown below. Audited accounts for the subsidiaries are filed with the Registrar of Companies.

	<b>The ACT Foundation £</b>	<b>ACG Rented Properties Plc £</b>
<b>Income and endowments from:</b>		
<b>Investments</b>		
- Income from properties	3,312,720	124,957
- Gift aid income	6,608,294	-
- Donations	-	-
- Other income	209,107	-
- Other investment income	<u>249,530</u>	<u>4,867</u>
<b>Total income and endowments</b>	10,379,651	129,824
<b>Expenditure on:</b>		
<b>Raising funds</b>		
- Investment management fees and costs	(987,897)	-
- Property operating costs	(782,616)	(46,512)
- Loan interest and bank charges	(1,058,126)	-
<b>Charitable activities</b>	<u>(3,978,551)</u>	-
<b>Total expenditure</b>	(6,807,190)	(46,512)
<b>Net movement in the year</b>	3,572,461	83,312
Gift aid payable	<u>-</u>	<u>(5,272,586)</u>
Net income/(expenditure)	3,572,461	(5,189,274)
Fair value movement on derivative contract	1,399,911	-
Gains on fixed assets	62,000	-
Gains/(losses) on investment assets	<u>19,672,024</u>	<u>20,714,257</u>
<b>Net movement in funds</b>	24,706,396	15,524,983
Total funds brought forward	<u>73,859,513</u>	<u>21,932,401</u>
Total funds carried forward	<u>98,565,909</u>	<u>37,457,384</u>
<b>Total assets</b>	<u>148,832,612</u>	<u>37,607,384</u>
<b>Total liabilities</b>	<u>(50,266,703)</u>	<u>(150,000)</u>

Transactions between the Charity and the wholly owned trading subsidiaries have been in respect of gift aid received from Basepoint Centres Limited of £1,335,708 (2017: £5,741,792) and £5,272,586 gift aid received from ACG Rented Properties Plc (2017: £810,577). ACG Rented Properties Plc will make a further gift aid payment of £7,530,128 to The ACT Foundation in respect of the year ended 31 March 2018, this will be paid before 31 December 2018 and will be accounted for when paid. A management charge of £70,000 (2017: £420,000) was received from Basepoint Centres Limited.

**THE ACT FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2018**

**5. GRANTS PAYABLE IN THE FURTHERANCE OF CHARITY OBJECTIVES**

	2018 £	2017 £
Individuals 147 (2017: 150)	173,933	169,768
Organisations 197 (2017: 204)	<u>3,804,618</u>	<u>3,149,165</u>
	<u><b>£ 3,978,551</b></u>	<u><b>£ 3,318,933</b></u>

**6. TOTAL EXPENDITURE**

	Staff Costs £	Other costs £	Depreciation £	2018 Total £	2017 Total £
<b>Expenditure on:</b>					
Property operating costs	513,634	1,450,112	45,470	2,009,216	11,715,677
Loan interest and bank charges	-	1,333,529	-	1,333,529	2,234,054
Investment management fees and costs	<u>987,897</u>	-	-	<u>987,897</u>	<u>612,786</u>
	<u>1,501,531</u>	<u>2,783,641</u>	<u>45,470</u>	<u>4,330,642</u>	<u>14,562,517</u>
<b>Charitable activities</b>					
Grant making costs (note 5)	<u>243,229</u>	<u>3,978,551</u>	-	<u>4,221,780</u>	<u>3,392,145</u>
<b>Total expenditure</b>	<u><b>£ 1,744,760</b></u>	<u><b>£ 6,762,192</b></u>	<u><b>£ 45,470</b></u>	<u><b>£ 8,552,422</b></u>	<u><b>£17,954,662</b></u>

Included within other costs are governance costs of £61,614 (2017: £34,602).

**THE ACT FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2018**

**6. TOTAL EXPENDITURE (CONTINUED)**

Included in other costs is interest payable as follows:-

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Bank and loan interest	<b><u>£ 1,333,529</u></b>	<b><u>£ 2,234,054</u></b>

**7. NET INCOME**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
<b>This is stated after charging:</b>		
Group auditors' remuneration - Audit fees:		
- relating to parent company	<b>23,340</b>	22,600
- relating to subsidiaries	<b>2,950</b>	23,640
- Corporation tax	<b>4,325</b>	8,650
- Other	<b>31,555</b>	23,829
Depreciation of tangible fixed assets	<b><u>45,470</u></b>	<b><u>615,977</u></b>

**8. STAFF NUMBERS AND EMOLUMENTS**

Staff costs consist of:

	<b>Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Wages and salaries	<b>1,487,316</b>	3,995,051
Social security costs	<b>159,885</b>	409,772
Other pension costs	<b><u>97,559</u></b>	<u>195,861</u>
	<b><u>£ 1,744,760</u></b>	<b><u>£ 4,600,684</u></b>

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

	<b>2018</b>	<b>2017</b>
	<b>Number</b>	<b>Number</b>
Property management	<b>20</b>	104
Administration/management	<b><u>19</u></b>	<u>32</u>
	<b><u>39</u></b>	<u>136</u>

**THE ACT FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2018**

**8. STAFF NUMBERS AND EMOLUMENTS (CONTINUED)**

The number of employees with total emoluments in excess of £60,000 (including taxable benefits but excluding pension scheme contributions):

	<b>2018</b>	<i>2017</i>
	<b>Number</b>	<i>Number</i>
£60,000 - £70,000	-	2
£70,000 - £80,000	-	1
£80,000 - £90,000	1	-
£110,000 - £120,000	-	1
£120,000 - £130,000	1	-
£170,000 - £180,000	-	1
£210,000 - £220,000	1	1
£240,000 - £250,000	-	1
£320,000 - £330,000	<u>1</u>	<u>-</u>

None of the highest paid employees (*2017: 1*) were accruing benefits under defined benefit pension schemes.

Three of the highest paid employees (*2017: 2*) are in the defined contribution pension scheme at a cost of £23,169 (*2017: £13,070*).

Key management personnel include the trustees and key management listed on page 2. Their aggregate remuneration including company pension contributions and employers NI was £930,201 (*2017: £868,492*).

**Trustees**

	<b>2018</b>	<i>2017</i>
	<b>£</b>	<i>£</i>
Emoluments (including pension costs and taxable benefits)	<u>£ 375,475</u>	<u>£ 267,544</u>

The highest paid director during the year received emoluments of £322,483 (*2017: £217,395*). Further details of trustee remuneration and benefits can be found in note 18.

During the year 1 trustees (*2017: 3*) received reimbursed expenses in respect of travel and subsistence of £1,735 (*2017: £3,899*).

These charges are under the authority of the Memorandum and Articles.

**THE ACT FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2018**

**9. TANGIBLE ASSETS**

<b>Group</b>	<b>Assets under construction £</b>	<b>Freehold land and buildings £</b>	<b>Other equipment £</b>	<b>Total £</b>
<b>Cost</b>				
At 1 April 2017	153,430	1,850,000	3,294,028	5,297,458
Additions	-	-	20,765	20,765
Disposals	(153,430)	-	(3,090,524)	(3,243,954)
Revaluation	<u>-</u>	<u>25,000</u>	<u>-</u>	<u>25,000</u>
At 31 March 2018	<u>-</u>	<u>1,875,000</u>	<u>224,269</u>	<u>2,099,269</u>
<b>Depreciation</b>				
At 1 April 2017	-	-	1,530,060	1,530,060
Charge for the year	-	37,000	8,470	45,470
Disposals	-	-	(1,351,803)	(1,351,803)
On revalued assets	<u>-</u>	<u>(37,000)</u>	<u>-</u>	<u>(37,000)</u>
At 31 March 2018	<u>-</u>	<u>-</u>	<u>186,727</u>	<u>186,727</u>
<b>Net book value</b>				
<b>At 31 March 2018</b>	<b><u>£ -</u></b>	<b><u>£ 1,875,000</u></b>	<b><u>£ 37,542</u></b>	<b><u>£ 1,912,542</u></b>
<i>At 31 March 2017</i>	<i><u>£ 153,430</u></i>	<i><u>£ 1,850,000</u></i>	<i><u>£ 1,763,968</u></i>	<i><u>£ 3,767,398</u></i>
<b>Charity</b>				
		<b>Freehold land and buildings £</b>	<b>Other equipment £</b>	<b>Total £</b>
<b>Cost</b>				
At 1 April 2017		1,850,000	203,504	2,053,504
Additions		-	20,765	20,765
Revaluation		<u>25,000</u>	<u>-</u>	<u>25,000</u>
At 31 March 2018		<u>1,875,000</u>	<u>224,269</u>	<u>2,099,269</u>
<b>Depreciation</b>				
At 1 April 2017		-	178,257	178,257
Charge for year		37,000	8,470	45,470
On revalued assets		<u>(37,000)</u>	<u>-</u>	<u>(37,000)</u>
At 31 March 2018		<u>-</u>	<u>186,727</u>	<u>186,727</u>
<b>Net book value</b>				
<b>At 31 March 2018</b>		<b><u>£ 1,875,000</u></b>	<b><u>£ 37,542</u></b>	<b><u>£ 1,912,542</u></b>
<i>At 31 March 2017</i>		<i><u>£ 1,850,000</u></i>	<i><u>£ 25,247</u></i>	<i><u>£ 1,875,247</u></i>

On 24 May 2017 ACG Rented Properties Plc disposed of the Basepoint group which comprises Basepoint Limited, Basepoint Centres Limited and Basepoint Developments Limited.

**THE ACT FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2018**

**10a. INVESTMENT PROPERTIES**

	<b>Group Investment properties £</b>	<b>Charity Investment properties £</b>
<b>Cost/valuation</b>		
At 1 April 2017	138,711,250	42,950,000
Additions	7,850,434	7,850,434
Disposal	(95,761,250)	-
Revaluation	<u>4,329,566</u>	<u>4,329,566</u>
<b>At 31 March 2018</b>	<b><u>£ 55,130,000</u></b>	<b><u>£ 55,130,000</u></b>
<i>At 31 March 2017</i>	<i><u>£ 138,711,250</u></i>	<i><u>£ 42,950,000</u></i>

On 24 May 2017 ACG Rented Properties Plc disposed of the Basepoint group which comprises Basepoint Limited, Basepoint Centres Limited and Basepoint Developments Limited.

Properties were valued as at 31 March 2018 by CBRE, Chartered Surveyors. The historical cost at the year-end was £46,333,937 (2017: £127,669,172).

The net book value of investment properties which are freehold and leasehold properties at 31 March 2018 was £39,030,000 and £16,100,000 respectively.

**10b. INVESTMENTS IN SUBSIDIARIES**

<b>Charity</b>	<b>Subsidiaries £</b>
<b>Valuation</b>	
At 1 April 2017	21,932,404
Revaluation	<u>15,524,983</u>
<b>At 31 March 2018</b>	<b><u>£ 37,457,387</u></b>

The ACT Foundation owns the entire share capital of the following companies, the results of which have been consolidated into these financial statements.

<b>Name</b>	<b>Type of business</b>	<b>Aggregate of share capital and reserves £</b>	<b>Profit/(loss) £</b>
ACG Rented Properties Plc*	Former Basepoint holding company, not trading	37,457,384	15,524,983

The registered office of the above company is 61 Thames Street, Windsor, SL4 1QW.

All those companies that are held directly are marked with an '\*'.

Details of net income/expenditure of trading subsidiaries are shown in note 4.

On 24 May 2017 ACG Rented Properties Plc disposed of the Basepoint group which comprises Basepoint Limited, Basepoint Centres Limited and Basepoint Developments Limited.

**THE ACT FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2018**

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**10b. INVESTMENTS IN SUBSIDIARIES (CONTINUED)**

In addition to the above The ACT Foundation owns the entire share capital of the following company which is treated as a programme related investment and is therefore not consolidated.

ACG Participacoes Ltda\* - see note 10c

**Dormant company:**

Airways Housing Trust Plc - not trading

Airways Charitable Trust Limited\* - not trading

Welling & Partners Limited - not trading

Gatehouse Properties Limited - not trading

ACG Services Limited\* - not trading

Compare Workspace Limited (75% owned) - not trading

All the companies within the group are incorporated in England and Wales under the Companies Act 2006.

**THE ACT FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2018**

**10c. PROGRAMME RELATED INVESTMENTS**

	Group		Charity	
	2018	2017	2018	2017
	£	£	£	£
<b>Fixed Assets</b>				
Hollybank Trust Loan	125,000	250,000	125,000	250,000
Homeless International Loan	-	200,000	-	200,000
Launchpad Reading property	331,974	331,974	331,974	331,974
Brazilian Investment	648,844	648,844	642,344	642,344
Bournemouth property	<u>544,478</u>	-	<u>544,478</u>	-
	<b>1,650,296</b>	<b>1,430,818</b>	<b>1,643,796</b>	<b>1,424,318</b>
<b>Current Assets</b>				
Hollybank Trust Loan	<u>125,000</u>	<u>125,000</u>	<u>125,000</u>	<u>125,000</u>
Total programme related investments	<b><u>£ 1,775,296</u></b>	<b><u>£ 1,555,818</u></b>	<b><u>£ 1,768,796</u></b>	<b><u>£ 1,549,318</u></b>

The ACT Foundation Group own R\$3,000,000 shares in ACG Participacoes Ltd which represents 100% of the share capital of that company. ACG Participacoes Ltd holds cash to be used for charitable purposes overseas. In the Trustees' opinion this investment should be accounted for as a programme related investment, as it is held to facilitate the Group to further its charitable objectives and not for financial gain.

The deposit held with Homeless International was made interest free in support of funding for housing projects in developing economies. The loan was repaid in the year in line with the agreement.

The purpose of the loan to Hollybank Trust is to assist with the construction of a high dependency unit and respite unit for children and young adults, the loan is interest free with repayments over 8 years which commenced in the financial year ended 2013.

The property in Reading was acquired by The ACT Foundation in 2016 and immediately leased to Launchpad Reading on a 60 year lease. The charity aims to provide accommodation, support, education and counselling to vulnerable people in the town.

The property in Bournemouth was acquired by The ACT Foundation in March 2018. The property is to be leased to the Stable Family Home Trust. The charity offers services to people with a learning disability including supported living in residential homes, day services, domiciliary support and support to find employment.



**THE ACT FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2018**

**10d. LISTED INVESTMENTS**

	<b>Group and Charity</b>	
	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Investments of 1 April	969,981	-
Additions	11,537,631	1,000,000
Revaluations	<u>(182,524)</u>	<u>(30,019)</u>
Market value at 31 March	12,325,088	969,981
Cash held with investment manager	<u>3,480,722</u>	-
	<u><b>15,805,810</b></u>	<u><b>969,981</b></u>

At the year end the following investments represented more than 5% of the total investments:

Charities Properties Fund	32.5%	-
Unit Trust – M&G Securities (Charifund Accumulation)	<u>5.8%</u>	<u>100%</u>

Investments comprise:

	<b>Group and Charity</b>	
	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Fixed interest stocks	1,632,424	969,981
Property funds	6,006,560	-
Equity investments	4,686,104	-
Fixed term deposits and cash held	<u>3,480,722</u>	-
	<u><b>15,805,810</b></u>	<u><b>969,981</b></u>

**11. CASH AT BANK AND IN HAND**

At 31 March 2018, cash balances with banks include £nil (2017: £557k) of cash deposits which are subject to either a legal assignment or a charge in favour of a third party.

**12. DEBTORS**

	<b>Group</b>		<b>Charity</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Amounts owed by group undertakings	-	-	-	61,741,792
Trade debtors	171,470	469,397	171,470	125,829
Other debtors	97,552	4,917,524	97,552	107,918
Prepayments and accrued income	<u>84,267</u>	<u>46,631</u>	<u>84,267</u>	<u>3,543</u>
	<u><b>£ 353,289</b></u>	<u><b>£ 5,433,552</b></u>	<u><b>£ 353,289</b></u>	<u><b>£61,979,082</b></u>

The amounts owed by group undertakings in the prior year represented the share of the group loan facilities relating to Basepoint Centres Limited (2017: £60,000,000). The loan was repaid in May 2017 as part of the sale of the Basepoint group.

**THE ACT FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2018**

**13. CREDITORS:** Amounts falling due within one year

	<b>Group</b>		<b>Charity</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Bank loans (see below)	-	52,500,000	-	52,500,000
Trade creditors	<b>27,254</b>	280,955	<b>27,254</b>	52,138
Amounts owed to group undertakings	-	-	<b>37,590,441</b>	620,137
Other taxes and social security	<b>139,634</b>	729,102	<b>139,634</b>	22,784
Other creditors	<b>373,951</b>	2,553,504	<b>373,951</b>	316,215
Grants payable	<b>2,777,418</b>	1,716,329	<b>2,777,418</b>	1,716,329
Accruals and deferred income	<b>1,324,370</b>	3,011,694	<b>1,174,372</b>	848,302
Pension liability	<b>66,251</b>	62,904	<b>66,251</b>	62,904
	<b><u>£ 4,708,878</u></b>	<b><u>£ 60,854,488</u></b>	<b><u>£ 42,149,321</u></b>	<b><u>£ 56,138,809</u></b>

**14. CREDITORS:** Amounts falling due after more than one year

	<b>Group</b>		<b>Charity</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Pension liability	<b>337,685</b>	368,156	<b>337,685</b>	368,156
Derivative contract	<b>6,447,347</b>	7,847,259	<b>6,447,347</b>	7,847,259
Grants payable	<b>1,222,350</b>	650,000	<b>1,222,350</b>	650,000
	<b><u>£ 8,007,382</u></b>	<b><u>£ 8,865,415</u></b>	<b><u>£ 8,007,382</u></b>	<b><u>£ 8,865,415</u></b>

The ACT Foundation's loan facilities totaling £60m were repaid in the year following the sale of the Basepoint group.

The company has two hedging instruments in place to protect itself against increases in interest rates in line with the group's interest rate management policy:

- £10m at 4.98% until August 2027, bank cancellable on an annual basis from August 2009
- £10m at 4.7% until September 2027, bank cancellable on an annual basis from September 2009.

The hedging instruments, which have been measured at fair value are recognised in the financial statements in accordance with FRS 102.

The ACT Foundation's bank facilities are secured on the commercial properties held in The ACT Foundation.

**THE ACT FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2018**

**15. RESERVES**

**Group**

	<b>Income and expenditure account £</b>	<b>Fair value reserve £</b>	<b>Total £</b>
Reserve balances brought forward	81,461,040	11,520,283	92,981,323
Net expenditure	(1,650,611)	-	(1,650,611)
Gains on investments	8,201,825	(2,428,539)	5,773,286
Gains on fixed assets	-	62,000	62,000
Fair value movement on derivative contracts	<u>1,399,911</u>	<u>-</u>	<u>1,399,911</u>
<b>Reserve balances carried forward</b>	<b><u>89,412,165</u></b>	<b><u>9,153,744</u></b>	<b><u>98,565,909</u></b>

**Charity**

	<b>Income and expenditure account £</b>	<b>Fair value reserve £</b>	<b>Total £</b>
Reserve balances brought forward	52,369,670	21,489,843	73,859,513
Net income	3,572,461	-	3,572,461
Gains on investments	-	19,672,024	19,672,024
Gains on fixed assets	-	62,000	62,000
Fair value movement on derivative contracts	<u>1,399,911</u>	<u>-</u>	<u>1,399,911</u>
<b>Reserve balances carried forward</b>	<b><u>57,342,042</u></b>	<b><u>41,223,867</u></b>	<b><u>98,565,909</u></b>

**THE ACT FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2018**

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**16. PENSION COMMITMENTS**

The ACT Foundation participates in the Social Housing Pension Scheme (the Scheme), a multi-employer scheme which provides benefits to some 500 non-associated employers. The scheme is a defined benefit scheme in the UK.

It is not possible for The ACT Foundation to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore it accounts for the scheme as a defined contribution scheme.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The scheme is classified as a 'last-man standing arrangement'. Therefore The ACT Foundation is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

A full actuarial valuation for the scheme was carried out with an effective date of 30 September 2014. This actuarial valuation was certified on 23 November 2015 and showed assets of £3,123m, liabilities of £4,446m and a deficit of £1,323m. To eliminate this funding shortfall, the trustees and the participating employers have agreed that additional contributions will be paid, in combination from all employers.

Where the scheme is in deficit and where The ACT Foundation has agreed to a deficit funding arrangement the charity recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

Contributions payable to the Scheme in the year (including deficit contribution payments) were £103,628 (2017: £90,476).

A defined contribution scheme is also operated by The ACT Foundation Group within Basepoint Centres Limited. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amounted to £21,055 (2017: £149,312).

The fair value movement on the pension liability was £27,124 (2017: £43,927).

**THE ACT FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2018**

**17. RECONCILIATION OF NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES**

	2018 £	2017 £
Net movement in funds	5,584,586	8,176,105
Depreciation	45,470	615,977
Interest received	(254,397)	(46,522)
Interest paid	1,333,529	2,234,054
Net gain on investments	(4,147,042)	(3,089,488)
Revaluation gain on tangible fixed assets	(62,000)	(193,800)
Profit on disposal of tangible fixed assets	-	(251,560)
Decrease in debtors	3,040,543	72,882
(Decrease)/increase in creditors	<u>(5,383,526)</u>	<u>1,083,990</u>
<b>Net cash provided by operating activities</b>	<b><u>£ 157,163</u></b>	<b><u>£ 8,601,638</u></b>

**18. TRUSTEE REMUNERATION AND BENEFITS**

During the year the following amounts have been paid to Trustees in their operational capacities.  
£

Colin Clarkson: Remuneration	<u>£ 18,493</u>
Denis Taylor (Executive Trustee): Remuneration	<u>£ 322,483</u>
Robert White: Remuneration	<u>£ 17,250</u>
Russell Meadows: Remuneration	<u>£ 17,250</u>

These payments were made under the legal authority of the charity's Memorandum and Articles of Association.

**THE ACT FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2018**

**19. FINANCIAL INSTRUMENTS**

**Group**

	2018 £	2017 £
<b>Financial assets</b>		
Financial assets measured at amortised cost	<u>36,574,254</u>	<u>17,650,148</u>
Financial assets measured at fair value through the Statement of Financial Activities	<u>15,805,810</u>	<u>969,981</u>
 <b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	<u>5,703,723</u>	<u>58,060,407</u>
Financial liabilities measured at fair value through the Statement of Financial Activities	<u>6,447,347</u>	<u>7,847,259</u>

**Charity**

	2018 £	2017 £
<b>Financial assets</b>		
Financial assets measured at amortised cost	<u>36,563,810</u>	<u>69,583,244</u>
Financial assets measured at fair value through the Statement of Financial Activities	<u>15,805,810</u>	<u>969,981</u>
 <b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	<u>5,553,723</u>	<u>55,457,814</u>
Financial liabilities measured at fair value through the Statement of Financial Activities	<u>6,447,347</u>	<u>7,847,259</u>

Financial assets measured at amortised cost comprise trade debtors, amounts owed by group undertakings, other debtors and cash and cash equivalents.

Financial liabilities measured at amortised cost comprise trade creditors, amounts owed to group undertakings, other creditors, and accruals excluding deferred income and social security and other taxes.

Financial liabilities measured at fair value comprise interest rate swaps.

Financial assets measured at fair value comprise listed investments.

**THE ACT FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2018**

**20. COMMITMENTS UNDER OPERATING LEASES**

The group earns rental income by leasing its properties to tenants under non-cancellable operating leases. Leases in which substantially all risks and rewards of ownership are retained by another party, the lessor, are classified as operating leases. Payments, including prepayments, made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

At the balance sheet date, the group had contracted with tenants to receive the following future minimum lease payments:

<b>Group</b>	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Not later than 1 year	<b>3,144,734</b>	2,994,368
Later than 1 year and not later than 5 years	<b>8,592,967</b>	7,389,845
Later than 5 years	<b><u>17,944,534</u></b>	<u>10,953,187</u>
	<b><u>29,682,235</u></b>	<u>21,337,400</u>
<b>Charity</b>	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Not later than 1 year	<b>3,144,734</b>	2,617,723
Later than 1 year and not later than 5 years	<b>8,592,967</b>	7,110,488
Later than 5 years	<b><u>17,944,534</u></b>	<u>10,859,548</u>
	<b><u>29,682,235</u></b>	<u>20,587,759</u>

**21. RELATED PARTY TRANSACTIONS**

During the year the company had transactions of £16,624 (2017: £nil) with Rise Management Consulting Limited. Mr R White, a Director and Trustee of The ACT Foundation, is a director of Rise Management Consulting Limited. At the end of the year £6,643 (2017: £nil) was due to Rise Management Consulting Limited.

**22. POST BALANCE SHEET EVENT**

On 22nd June 2018 the charity completed the sale of a portfolio of ten commercial properties for £55M before selling costs, representing a significant premium to their combined carrying value of £41.2M.

**THE ACT FOUNDATION**  
**DETAILED SCHEDULE OF GRANTS AWARDED**  
**FOR THE YEAR ENDED 31 MARCH 2018**

**Grants awarded for £10,000 and above:**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Individuals	-	-
Organisations		
Action for Kids	<b>11,410</b>	30,000
Age UK Suffolk	-	10,000
Alexander Devine Children's Hospice	-	75,000
Ambitious About Autism	-	25,000
Aldingbourne Trust	<b>50,000</b>	-
Andover Young Carers	-	10,000
Apple Cast North West	<b>25,000</b>	-
Auditory Verbal UK	<b>15,000</b>	-
Autism Bedfordshire	-	10,000
Autism Wessex	-	10,000
Autism West Midlands	<b>80,000</b>	-
Balloons	-	10,000
Bedfordshire Opportunities for Learning Disabilities Ltd	<b>50,000</b>	-
Bendrigg Trust	-	10,000
Birchwood	<b>50,000</b>	-
Blackmore Vale RDA	-	10,000
Blue Skye Thinking	-	10,000
Bridge Care	<b>25,000</b>	-
Bromley Mencap	-	10,000
Camphill Community Clanabogan	<b>25,000</b>	-
Canterbury Oast Trust	<b>10,000</b>	10,000
Cardiac Risk in the Young	-	-
Cardiomyopathy UK	<b>45,000</b>	-
Carers Bucks	<b>25,000</b>	-
Centre 33	<b>13,000</b>	50,000
Chailey Heritage Foundation	<b>100,000</b>	100,000
Cherry Trees	<b>10,000</b>	-
Childhood First	<b>25,000</b>	-
Chilterns MS Centre	<b>25,000</b>	-
Coleg Elidyr	-	10,000
Corbets Tey School Parents and Friends Association	-	10,000
Cumbria Youth Alliance	-	10,000
DeafBlind Scotland	-	10,000
Demelza	<b>11,075</b>	-
DGSM Yourchoice	-	10,000
Diverse Abilities Plus	-	25,000
Doncaster Deaf Trust	-	10,000
Dreamflight	-	10,000
East Park	-	20,000
Emmaus North East	-	10,000
Estuary League of Friends	-	10,000
Families United Network	-	30,000
Family Fund	<b>500,000</b>	-



**THE ACT FOUNDATION**  
**DETAILED SCHEDULE OF GRANTS AWARDED (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2018**

	2018	2017
	£	£
Fields in Trust	-	10,000
Fitzroy House	-	10,000
Flying Scholarships for Disabled People	10,000	-
Foundation of Light	20,000	-
Friends of The Elderly	500,000	-
Friends of The Loyne School	10,000	10,000
Friends of Thomas Wolsey School	-	14,784
Friends of the Wisdom Hospice	-	10,000
Golden Lion Children's Trust	-	10,000
Grace Eyre	-	10,000
Haven's Hospices	25,000	-
Heel & Toe Children's Charity	-	10,000
Home Start Stroud	-	25,000
Hope and Homes for Children	10,000	-
HSBP Henshaws	10,000	-
Independence at Home	95,000	-
Joe Glover Trust	-	10,000
JPK Project	-	25,000
Kids Inspire	45,000	-
Lake District Calvert Trust	10,000	-
L'Arche	20,000	-
Leeds MENCAP	-	10,000
Malvern Special Families	-	10,000
Martha Trust	25,000	25,000
Merlin MS Centre	10,000	-
Michael Sobell Hospice	-	10,000
MOSAIC	-	10,000
Newport Cottage Care Centre	-	10,000
Noah's Ark Children's Hospice	100,000	100,000
North Worcs Basement Project	-	10,000
Ochil Tower School	15,000	-
Opheus Centre	-	10,000
Pear Tree School	-	10,000
QE2 Activity Centre	-	16,653
Queen Alexandra College	-	10,000
Radford Care Group	10,000	10,000
Rennie Grove Hospice Care	-	25,000
Response	25,000	-
Rock Foundation UK Ltd	40,000	-
Rowdeford Charity Trust	-	10,000
Sebastian's Action Trust	25,000	-
SNAP	-	10,000
Southampton Hospital Charity	-	10,000
St Barnabas Hospice	-	10,000
St Lukes Hospice*	-	15,000

**THE ACT FOUNDATION**  
**DETAILED SCHEDULE OF GRANTS AWARDED (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2018**

	2018	2017
	£	£
St Richard's Hospice Foundation	20,000	-
St Wilfrid's Hospice	100,00	-
Stable Family Home Trust	65,000	-
Stepping Stones School	65,840	-
Stick 'N' Step	-	10,000
Stockport, East Cheshire, High Peak, Urmston & District Cerebral Palsy Society	10,000	-
Stroud Court Community Trust	-	50,000
Swindon Therapy Centre for Multiple Sclerosis	-	10,000
Thames Hospice	500,000	-
Thames Valley Adventure Playground	-	10,000
The Carers' Support Centre	-	10,000
The Fifth Trust	-	25,000
The Friends of Ravenscliffe Association	10,000	10,000
The Guildford Waterside Centre	25,000	25,000
The Jigsaw Trust	-	50,000
The Mary Stevens Hospice	-	10,000
The Sheiling Ringwood	-	25,000
Thomley Activity Centre	-	25,000
Three Ways School	-	10,000
Tiphereth	-	10,000
TTVS	-	16,000
Waterlooville Area Community Association	-	10,000
Winstons Wish	-	10,000
Whizz-Kidz	500,000	-
Woking & Sam Beare Hospices	<u>-</u>	<u>25,000</u>

**THE ACT FOUNDATION**  
**DETAILED SCHEDULE OF GRANTS AWARDED (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2018**

	2018	2017
	£	£
<b>Outstanding pledges</b>		
<b>Due within 1 year</b>		
Individuals	84,784	83,764
Organisations	<u>2,692,634</u>	<u>1,632,565</u>
Total due within 1 year	<u>2,777,418</u>	<u>1,716,329</u>
<b>Due greater than 1 year</b>		
Individuals	-	-
Organisations	<u>1,222,350</u>	<u>650,000</u>
Total due greater than 1 year	<u>1,222,350</u>	<u>650,000</u>
<b>Total outstanding pledges</b>	<u>3,999,768</u>	<u>2,366,329</u>