

Annual report 2015

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* Power to Change Trustee Limited is the sole corporate Trustee of Power to Change Trust and is controlled by the Trustee Directors

Message from the Chair and Chief Executive: 2015 in review

We believe that community businesses have real potential to change the lives of local people and places, bringing a greater sense of possibility and pride to some of our most disadvantaged communities at the same time as having positive economic, social and environmental impact.



We have seen this potential realised in the diverse range of businesses we have supported in our first year. The opportunity to lead a new independent charitable trust that puts community business at the heart of its efforts to resolve key social challenges is an immense privilege and a challenge we both relish. We are immensely grateful to the staff and Trustee Directors of Power to Change for their commitment and hard work in our start up year.

Our first year: start up and learning

Power to Change opened its doors on 21 January 2015 when we received our endowment from the Big Lottery Fund. Although a brand new organisation with much to learn, we wanted to be able to invest in community businesses as early as possible in our life, recognising the pressing need in the market place for the support we could offer. Four months after we got started, we made our first grants, providing capital and revenue support to improve the social impact and financial sustainability of a community shop in Berkshire, a community pub in the Peak District and a community business incubator in Liverpool, all of which met a charitable need.



Community business is one of the new models that exemplify the 21st century social market

Matthew Taylor,
CEO, The Royal Society
for the Encouragement of Arts,
Manufactures and Commerce (RSA)

We are proud that in our first year we were able to invest over £7.7 million in supporting 43 community businesses across England.

You can find out more about the businesses we supported last year later in this report. They are a diverse, exciting group ranging from community owned playing fields and libraries to arts centres and even a narrow gauge steam railway. What they have in common is they are driven by the skills, passion and hard work of local people to use business to transform their place and improve the lives of local people as well as addressing a charitable need.

Our first grants programme provided a tremendous opportunity for us to learn how to be a more effective funder. We did not get everything right; for example, it quickly became clear that community business is a new term and we needed to be more precise about how we at Power to Change define it to guide applicants and better manage demand. As a learning organisation, we are committed to using what we learnt in 2015 to shape our programmes for 2016 and demonstrate improvement. You can read more about how our learning from our Initial Grants Programme is shaping our approach to our new funding programmes in 2016 on page 12.



Power to Change grantee and community bakery, Homebaked

We also used our first year to pilot other ways in which we can meet the needs of community businesses at different stages of their lifecycle. We worked with two social investment finance intermediaries, Key Fund and Social and Sustainable Capital, to offer blended grant and loan financing; supported a consortium led by Locality to offer those we funded access to business development support; and partnered with the School for Social Entrepreneurs and the Plunkett Foundation to test different ways of connecting community businesses to facilitate peer-to-peer learning. All of the lessons from these activities are reflected in our plans for 2016 and we will continue to learn and refine our approach as we go.

Partnership

Partnership defines the way we want to work at Power to Change. We have an opportunity over ten years to catalyse a groundswell of community business across England but we cannot do that alone. As a time-limited organisation, it is critical that we build on the best of what others are doing and join forces to create a legacy that is a stronger, more diverse and better recognised community business sector.

As described above, partnership was a prominent feature of how we worked in 2015 and we are incredibly grateful to our early partners for their patience as we started up and for sharing their expertise to help us learn and develop. We want to build on what we started last year and develop more diverse, deeper partnerships in 2016, looking beyond the social sector to also partner with the public and private sectors where there is an alignment of vision and values.

Evidence-led funding

We are committed to measuring our own impact as a funder, as well as working with others to develop a robust evidence base for the impact of community business on people and places. To deliver on this commitment, in our first year we established our Research Institute. We have set aside 5% of our overall endowment for the Institute to be able to drive forward our approach to evidence collection and position Power to Change as a truly evidence-led organisation. You can read more about our vision for the Research Institute on page 8.

Looking forward

As we look to 2016, we have a busy and exciting year ahead. You can read more about our future plans on pages 21 to 22. While our learning and development is by no means complete, we are pleased to have built strong foundations in 2015 from which we can grow our activities and impact this year and into the future.

Stephen Howard,
Chair

Vidhya Alakeson,
Chief Executive

About Power to Change: our vision and objectives

Started in 2015, Power to Change is an independent charitable trust endowed with £150 million from the Big Lottery Fund to address social need by growing community businesses in England. Our vision is better places through community business.

To achieve this, over the next decade, we will provide funding and support to help build many more sustainable community businesses that have positive economic, social and environmental impact in local places across England and address a charitable need.

We want to support people to take action to address local challenges, enabling them to control vital assets and services that might otherwise disappear, or start new businesses themselves in response to local needs. At the heart of our vision is the devolution of power to local people. We believe that putting business in community hands makes places better.



Across England there are examples of people joining forces to save local shops, pubs and post offices from closure; start locally owned sports clubs and facilities; create community-managed woodlands and parks; develop community energy-saving schemes; set up community centres and enterprise hubs; and embark upon community led housing to regenerate local areas. These are all examples of how community business is the new economic model that is taking root in towns and cities, as well as in the countryside.

We believe we are witnessing the start of a virtuous circle; that in being led by the community, responding to local and charitable need and ploughing the benefits back into that same community, community business can be a powerful vehicle for change and bring new prosperity, opportunity and pride to local people and places.

* Power to Change Trustee Limited is the sole corporate Trustee of Power to Change Trust and is controlled by the Trustee Directors

In support of our vision to create better places through community business, we have identified three long-term objectives:

Growing the sector

To grow the community business sector such that there are a greater number of sustainable community businesses delivering significant social, economic and environmental impact.

Transforming places

To demonstrate that community businesses can transform places through positive economic, social and environmental impact.

Making the case

To inform and influence government, business, consumers and other funders that community business can be a powerful force for change, such that they increase their investment in, and commitment to, the community business sector.

How our objectives support our vision



Our values

We will deliver our charitable objectives in line with our values, not just because we choose to but because we cannot achieve our vision of better places through community business otherwise.



We encourage

and support community businesses to take power and responsibility to achieve lasting change



We focus

our activities where they can have the greatest impact and bring greatest benefit to communities who are most marginalised



We collaborate

to bring together talented people and organisations from different backgrounds to deliver the best outcomes for community businesses



We learn

from strong research underpinned by a deep appreciation of what is important to community businesses



We are a catalyst

for change, building on the best ideas, leveraging new resources and championing new approaches



We are transparent

and open about our decision-making, sharing what we learn

What is a community business?

A community business is set up by local people who come together to tackle a local charitable need that the community has.

There are many types of community business. They can be shops, farms, pubs or call centres. There are more than 5,000 of them in England and they grew in number by 9% in 2015¹.

Here are some of the reasons why more and more of them are springing up across the country:

They are responsive

A community business diversifies its income in response to local needs and does not depend on just one way of earning its living. A shop may grow to include a café as local people voice the need for somewhere to meet.

Their time is now

Reductions in public spending mean that leisure centres, libraries and post offices are closing across the country. Local people can work with local authorities and recently passed legislation to take control of those threatened assets to run them for the benefit of the community.

They are resilient

Because of the involvement of local people in all aspects of their community business – be they as shareholders, employees, volunteers or customers – that means they are in a better position to weather challenging times together backed by local people.

The community business market in 2015



5,650

Community businesses in England



172,950

Volunteers engaged



£900m

income



31,570

staff employed



9%

increase in sector size since 2015



£1.4bn

assets

1. Source: The community business market in 2015 by Chris Percy, Adam Swersky, Doug Hull and John Medley-Hallam – published January 2016

Community business in comparison to other organisational forms



The four key features of a community business

1 Locally rooted	2 Accountable to local community	3 Trading for benefit of local community	4 Broad community impact
They are rooted in a particular geographical place and respond to its needs, for example high levels of urban deprivation or rural isolation.	They are accountable to local people. This can be demonstrated in many ways – but they must have evidence of regular community influence on their business.	They are businesses. Their income comes from activities like renting out space in their buildings, trading as cafés or selling the produce they grow.	They benefit the community as a whole and can clearly evidence the positive social impact on the broader community.

A call centre with a difference



A hundred years ago, Burnley was the most important cotton weaving town in the world. At its heart was the Weavers Triangle, a cluster of mills where, at its height, 99,000 power looms were in operation.

Slater Terrace in the Triangle, one of 191 listed buildings in Burnley, has been purchased and fitted out by Spacious Place to serve as a rental space for local businesses, a café and meeting space for the community and a 60 seat call centre.

What is different about this call centre is that the majority of those manning the phones are local vulnerable people who are being trained and supported back into the world of employment by the organisation.

A volunteer force of 250 locals plus a working partnership group with representatives from the area will ensure this is a true community run business. This significant heritage and regeneration programme was made possible by a grant from Power to Change made in conjunction with a loan from the Community Investment Fund of Social & Sustainable Capital (SASC).



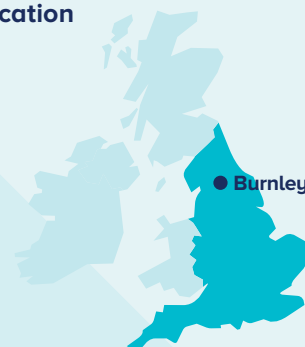
Featured grantee

Spacious Place

Type of organisation

Call centre

Location



Community supported

Burnley and neighbouring towns, Lancashire

Grant award

£500,000 leveraging a £1.5 million loan secured from SASC

Grant purpose

The grant will contribute to improving the employability of local vulnerable people such as ex-offenders, the unemployed and homeless

Direct grant impact

Purchase and fit out Slater Terrace, a Grade II listed former cotton mill to turn it into a call centre, office rental space, café and meeting space for the community

Project completion

Early 2016



Thanks to the help and partnership of Power to Change and SASC we have been able to establish our engagement to employment model in an inspirational historic building and put Burnley at the heart of it all

Ian Scholes,
CEO, Spacious Place

The Research Institute

Power to Change aspires to be a learning organisation and the Research Institute supports this ambition by collecting the evidence that will help us to refine and improve our funding and support programmes, and by commissioning new research into the nature and impact of community businesses.

Backed by a £7.5 million commitment for the ten years of the organisation, the Research Institute has three important functions. First, it ensures that Power to Change measures and monitors its own impact in a rigorous and proportionate way. We aim to be a leader in impact measurement among grant funders and social investors. We want to ensure that, at the end of our ten years, we have a strong story to tell about

the difference we have made to community business, to people and to places.

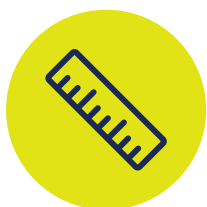
However, the Institute is about much more than just measuring the impact of Power to Change programmes. Our remit is to create a comprehensive evidence base for community business in general, not just those we fund. We aim to develop a deeper understanding of community business as a new way of doing business with a positive

social return in local places. This aspect of our role involves working with partners who share our agenda, collaborating on research projects, pooling datasets and refining our theories of change.

Finally, the Research Institute seeks to inform others of the transformative potential of community business, deploying the wealth of evidence and data collected to best effect.

Over our ten-year lifetime, we need to convince government, consumers, the private sector and other funders of the potential of community business. We will do this through a programme of events and publications targeted at these different audiences, seeking to form partnerships that accelerate the growth of community business and ensuring that the legacy of Power to Change is sustained by others once we close our doors.

Research Institute functions



Measure and monitor

Measure and monitor our own impact to inform and improve the effectiveness of our funding and programmes



Work with partners

Work with partners to build a robust evidence base for the positive impacts of community business



Share evidence

Share the evidence we collect with wider stakeholders to make the case for greater investment in community business

Providing affordable workspace for local people



In the last five years, house prices have doubled in the London Borough of Hackney as gentrification has proceeded at a pace. This has affected budding new businesses in the area as office rental prices have been hiked up.

This is where Bootstrap stepped in, a longstanding community hub for local startups, charities, social enterprises and creative businesses. Ever since they started in 1978 they have played a vital role in meeting the charitable needs of the area, renting out space in their three-storey Edwardian former print shop on a sliding scale.

Over that time they have become a corner-stone in the Dalston area of Hackney providing training and business support as well as affordable rental space, making a substantial contribution to the regeneration of one of the most deprived boroughs in England.

Part of Power to Change's grant is going towards financing a feasibility study exploring the viability of a new community development regarding the conversion of a World War II bunker in their grounds. But the most visible signs of our funding is the Bootyard project, an enterprise hub being built in the car park to provide space for ten more tenants and desk space for local young people to start businesses.



Featured grantee

Bootstrap

Type of organisation

Community and enterprise hub

Location



Community supported

500 businesses in Dalston, Hackney

Grant award

£87,000

Grant purpose

To provide additional workspace for ten new tenants, a feasibility study and planning resource. The grant will help Bootstrap expand the number of charities, social enterprises and small creative businesses it supports which are based in and serve the community

Direct grant impact

Creation of 50 new jobs, support for a further cohort of entrepreneurs

Project completion

2017



Bootstrap is like a living breathing ecosystem. You have everything you need here if you want to set up a business. There's a network of people who will help and support you, a programme of network and training events. You can even get a start-up loan without leaving the building

Bootstrap tenant

Our community business panel

As a funder set up to drive the growth of community business, we wanted to ensure that we stayed focused on the needs and aspirations of community business and ways to build that into the organisation at the start. For that reason we set up the community business panel.

Nationally recognised and representing virtually every sector from woodlands to community shops, from Hastings to Hebden Bridge, they come together once a quarter to help us shape our thinking and direction.

The primary purpose of the panel is to provide insight and challenge on strategic and operational plans of the Trust, drawing on first-hand experience of community business and the charity sector. Panel members also provide in-depth advisory work between meetings to directors through sub-groups, and play an ambassadorial role to amplify the message of Power to Change.



Many thanks to all our panel members for their inspiration and support and input during 2015.

Charlotte Hollins
Manager of Fordhall Farm

Chris Buckham
Chair of Bretforton Community Shop

Warren Carter
Chair of the Bevendean Community Pub

Brian Dawe
Managing Director of SAFE Regeneration

Karen Houghton
Chief Executive of Ancoats Dispensary Trust

Finn Jenson
Director at Calderdale Community Energy & Director of Pennine Community Power

Karen Lowthrop
Chief Executive of Hill Holt Wood

Sona Mahtani
Chief Executive of Selby Trust

Rebecca McIntyre
Founding member of Bamford Community Society

Jess Steele
Director of Jericho Road Solutions

Angie Wright
Chief at b-inspired

Panel members as at
31 December 2015



I thoroughly enjoy being a panel member and having the opportunity to contribute is really stimulating. We are building a movement together and it is incredibly satisfying to see the impact of our involvement

Charlotte Hollins,
co-founder Fordhall Farm

Our strategy: 2015–2018

In line with our long-term objectives and our funding approach, our specific priorities to 2018 are detailed below. We will publish an annual impact report setting out our progress against these priorities.

In addition to the strategic objectives set out below, which aim to address the charitable needs of communities, we will continue to develop the human and organisational capacity of Power to Change to ensure that we are well placed to deliver against our vision and mission.

To grow the community business sector

- 1** To inspire communities to adopt a community business model and provide the support and early stage finance to expand the number of community business startups.
- 2** To grow the number of community businesses generating significant social impact and increasing their balance of traded versus grant income.
- 3** To improve access to, and coordination of, alternative forms of capital and social finance for community businesses.
- 4** To increase the number of assets under community ownership, with a particular focus on disadvantaged communities.
- 5** To increase the availability and quality of support by new and existing providers to make it easier for community businesses to start up, operate and grow.

To demonstrate that community businesses can transform places

- 1** To develop greater organisational intelligence and connections at regional and local level.
- 2** To raise awareness of the potential of community businesses to address local priorities among stakeholders – local authorities, Local Enterprise Partnerships (LEPs), voluntary sector infrastructure providers and community members.
- 3** To develop an approach to place-based funding through piloting and learning, and identify a set of places where we can focus our second phase investments that have the necessary conditions for success.
- 4** To build cross-sector partnerships at the local level that bring together established and new partners to leverage wider resources and influence for our place-based activities.

To make the case with government, private sector, consumers and other funders

- 1** To increase engagement with community business among government, business and other funders.
- 2** To raise awareness of community business among members of the public.
- 3** To develop the leadership potential of community businesses and grow their public profile.
- 4** To consistently evaluate our activities and disseminate learning and evidence about the impacts of community business, promising business models and approaches.
- 5** To engage corporate partners in supporting community businesses in specific sectors and places.

Initial Grants Programme and blended funding: achievements in 2015

Power to Change awarded over £7.7 million to community businesses.

Thirty two projects shared £7 million of the Initial Grants Programme (IGP) after a competitive funding round. Eleven further organisations gained £3.4 million in mixed grants and loans, with £745,000 in grants from Power to Change unlocking over £2.6 million in loans from Key Fund and Social and Sustainable Capital (SASC).

In the spirit of learning, Power to Change commissioned an independent analysis of the organisations bidding for and being funded under the IGP.

Our initial learnings are set out below.

Regions

The East Midlands, East of England, and Yorkshire and Humberside regions were more likely to make successful bids, with the North West being the most successful. In contrast bids from the South West and West Midlands were more likely than not to be unsuccessful, with the North East and South East bids falling in the middle. We are looking at what underlying aspect of the bids or the regions might explain these variations, and considering what we might need to do to rebalance these regional patterns.

The overall regional distribution of applications is shown in the map on page 15. In fact these applications are clustered around key cities, with the highest proportion awarded being for applications from Liverpool, Manchester and Sheffield. This may reflect the levels of support available to applicants in those cities.

Service type

We received no applications for projects primarily focusing on income and/or financial inclusion. We will consider how to stimulate applications for this important area under our Community Business Fund (CBF) which opens in 2016.

Focus on disadvantage

Over 40% of awards made were to projects working within the 30% most deprived communities in England, of which 25% went to communities in the 10% most deprived areas. In contrast, no awards were made in the 10% least deprived areas.

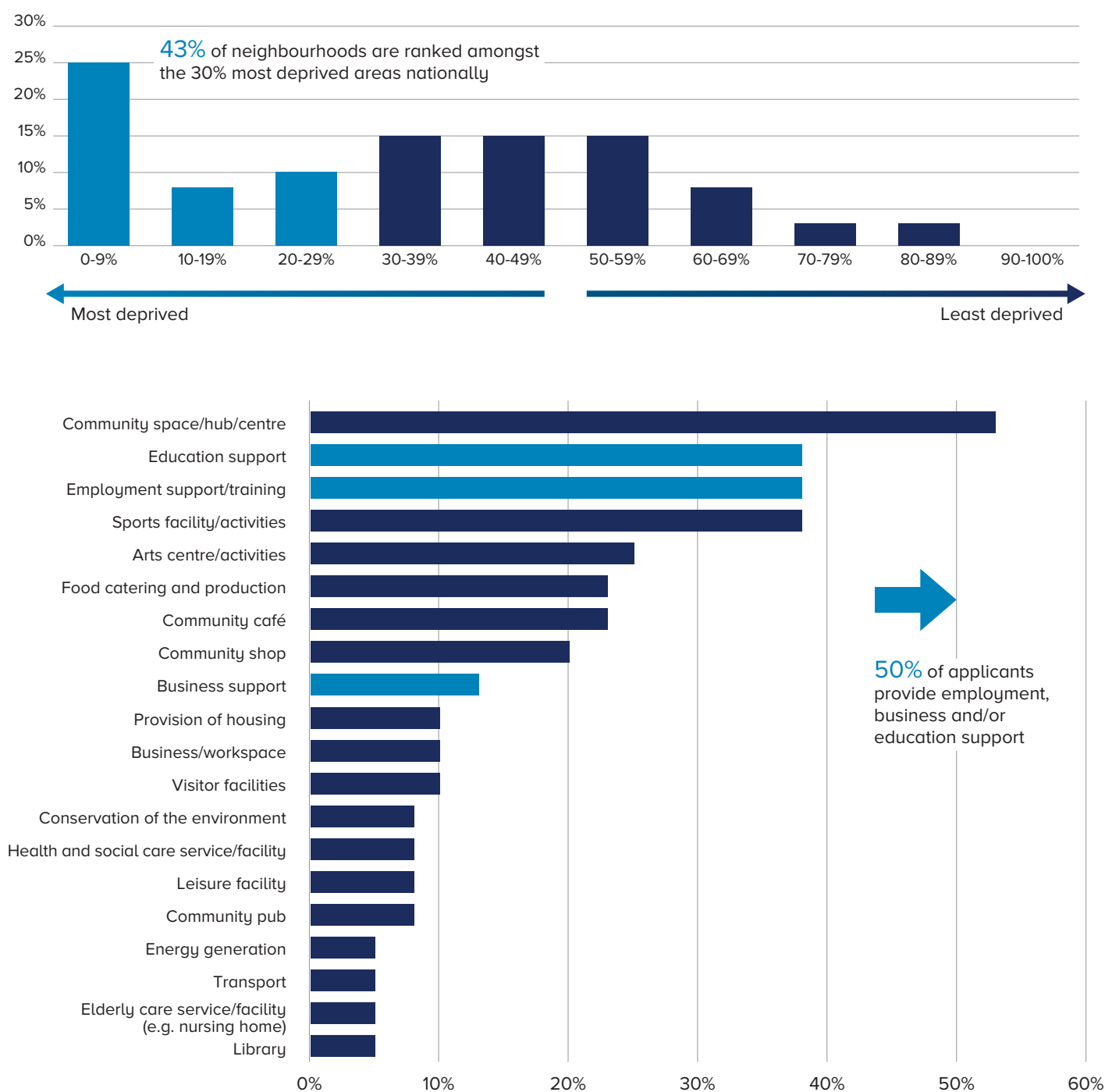
Demand

We received ten applications for each of the grants available, and the £129 million applied for was over 16 times more than the £9 million available – and in fact almost the amount of our entire endowment.

Closer scrutiny revealed that the main reason – over two-thirds – for rejections was applicants from organisations other than community businesses. We intend to be clearer why being a community business is central to our mission, how we define community business, as well as targeting funding to more specific priorities. This will help deter inappropriate applications and ensure we have more choice amongst applications focusing on key priorities.

Some applications did not further an identifiable charitable need and we were not able to fund them, given our charitable purposes.

Successful grantees: Index of Multiple Deprivation and business categories



Source: Research Institute Report No. 2, *Analysis of applicants to the Initial Grants Programme*.
 Note: Data period, May 2015 – April 2016

The application form and process

There was a two-phase application process for the IGP, with the first phase involving a short initial application and the second requiring more detailed information and assessment. The initial sifting stage needs more work as it did not identify all ineligible applications.

Number and value of grants awarded

Community businesses could apply for grants of £50,000 to £500,000. Awards made tended to be for larger and capital-oriented grants, which reflected the criteria used for the decision making rather than the balance of applications received. Specifically, although only one in three applications were for £200,000 or more, almost half the awards were made at this level. In contrast, over half of all applications were for less than £150,000.

The majority of community businesses are small organisations, and Power to Change will need to reflect this in our funding criteria and application process for our CBF funding in 2016. If we awarded more small grants (for amounts below £100,000) we would be able to double the number of organisations we support compared to those supported under the Initial Grants Programme.

Nature and impact of grants

CBF should target grants at growth stage community businesses that are at the 'tipping point of sustainability'. The main requirement for organisations at this stage is for revenue funding and patient capital (particularly grant funding) that allows the time to develop a sustainable trading base. Also, IGP revealed a need for longer-term grants, with revenue funding available for up to three years, particularly to support development of assets and services to deliver diverse income earning opportunities and develop a sound trading base.

CBF should prioritise capital applications that leverage significant amounts of other funding or those that enable community asset purchases in disadvantaged areas.

Extending impact into less well-served communities

Applicants to IGP struggled with the section asking them to clearly set out the expected impact of their work. They often mentioned specific physical outputs such as buildings purchased and getting projects up and running, rather than positive impacts for the local community, such as more social capital, better nutrition and health, or work opportunities. In addition, too few of the applications set out how their impact was relevant to the charitable needs and disadvantage within their communities.

We need to provide clearer advice and guidance to enable applicants to state clearly how their work will bring benefits to their community; and to set out how our funding criteria will have an explicit emphasis on tackling local disadvantage in their communities. We are working on realistic and practical guidance as to what these outcomes might be and how they might be measured.



Power to Change grantee and community oyster farm, Porlock Futures CIC

Grants awarded by region

North East

2

Total grants awarded

£167,000

Total value awarded

North West

10

Total grants awarded

£2,277,000

Total value awarded

Yorkshire & Humber

18

Total grants awarded

£2,718,000

Total value awarded

West Midlands

1

Total grants awarded

£53,000

Total value awarded

East Midlands

3

Total grants awarded

£895,000

Total value awarded

East of England

2

Total grants awarded

£561,000

Total value awarded

London

1

Total grants awarded

£87,000

Total value awarded

South West

2

Total grants awarded

£324,000

Total value awarded

South East

4

Total grants awarded

£648,000

Total value awarded

Grants awarded

Initial Grants Programme

These applicants were positively assessed for furthering a charitable need as well as meeting our criteria for an eligible community business.












Organisation	Sector	Funds allocated for
Adrenaline Alley East Midlands Award: £525,000	 Sports & Leisure	Funding will enable the purchase of land and buildings, refurbishment and the development of social impact measurement, thereby increasing viability and impact.
Alt Valley Community Trust North West Award: £220,000	 Multi-Use Facility/ Managed Workspace	Funding will be used to develop a simulated hospital environment to meet local demand for training and help provide employment opportunities for young people not in education, employment or training.
Bamford Community Society East Midlands Award: £120,000	 Community Pub	Funding for essential capital works, insulation to improve energy efficiency and a project manager to help diversify income streams and continue providing community services.
Bootstrap Company Ltd London Award: £87,000	 Multi-Use Facility/ Managed Workspace	Funding will enable new community and business space to be created. It will also finance a feasibility study and help Bootstrap explore its role in the regeneration of the neighbourhood.
Burton Street Foundation Ltd Yorkshire & Humber Award: £384,000	 Multi-Use Facility/ Managed Workspace	Funding to refurbish a disused factory and for related staffing costs. Once converted the facility will provide new space for community events and support access to work for adults with learning difficulties.
Centre at Three Ways Yorkshire & Humber Award: £499,000	 Multi-Use Facility/ Managed Workspace	Capital funding to support asset transfer of disused school building to the community, creating a range of community facilities including a sports hall, conference centre and business space.
Diss Corn Hall Trust East of England Award: £72,000	 Tourism, Heritage, Arts & Culture	Capital funding to upgrade facilities and revenue funding to support staff costs. Improvements will help the venue attract more visitors and facilitate wider community use.
East Lancashire Football Development Association (ELFDA) North West Award: £200,000	 Sports & Leisure	Capital funding to restore two playing fields to bring them back into community use as a hub for local football teams and finance community well-being and cohesion.
Goodwin Development Trust Yorkshire & Humber Award: £200,000	 Tourism, Heritage, Arts & Culture	Capital funding towards the refurbishment of a church to create arts space and offices. Facility will generate future income through room hire and arts programming, to increase existing social impact.
Granby Four Streets Community Land Trust Ltd North West Award: £391,000	 Community Housing	Capital funding towards refurbishment of five empty homes that will provide affordable housing for local people and generate income to reinvest back into ongoing regeneration.




Organisation	Sector	Funds allocated for
Greenslate Community Farm Ltd North West Award: £103,000	 Mental health & wellbeing	Support for two posts and a build project that will increase the farm's sustainability and increase opportunities for community-based work experience for those recovering from addictions.
Hallbankgate Hub North West Award: £70,000	 Community Shop	Capital funding to upgrade a shop and transform it into a community hub for this remote rural area.
Hampstead Norreys Community Shop Ltd South East Award: £189,000	 Community Shop	Funding towards upgrade of a rural shop and expansion of a community café. Changes will help the business generate more revenue and move towards long-term sustainability as a community hub.
High Street Centre Ltd Yorkshire & Humber Award: £75,000	 Multi-Use Facility/ Managed Workspace	Funding to upgrade facilities of the community centre and to support creation of two childcare apprenticeships.
Homebaked Cooperative Anfield Ltd North West Award: £146,000	 Employment, training and/or education	Funding to upgrade kitchen equipment so that the business can take on new catering contracts; to support new volunteers; and to create a meeting place for the community.
Incredible Edible Todmorden Yorkshire & Humber Award: £139,000	 Food & Farming	Funding for four temporary posts and refurbishment which will move the business away from grant dependency and increase community education, health and development.
Kirkgate Arts North West Award: £57,000	 Tourism, Heritage, Arts & Culture	Funding planning costs for a refurbishment including a café and more flexible artistic space, plus increased opportunities for volunteering and access to the arts.
Kiveton Park and Wales CDT Yorkshire & Humber Award: £308,000	 Sports & Leisure	Funding to create a sports facility with four football pitches which will improve community well-being and the project's self-financing.
Linskill and North Tyneside CDT North East Award: £81,000	 Multi-Use Facility/ Managed Workspace	Funding to upgrade café and catering facilities and associated staff costs. Improvements will help enhance the sustainability of the business as well as increase opportunities for employability training.
Meltham Carlile CIC Yorkshire & Humber Award: £238,000	 Multi-Use Facility/ Managed Workspace	Funding of a refurbishment that will improve access to existing facilities like the post office and café and create a new space for groups offering activities and services to the community.
New Wortley Community Association Ltd Yorkshire & Humber Award: £210,000	 Health & Social Care	Capital funding towards refurbishment of a community centre to create a much-needed health and wellbeing centre. Revenue funding for temporary posts to support contract readiness.
Newark Sports Association East Midlands Award: £250,000	 Sports & Leisure	Capital funding towards creation of a cycle track that will be widely used by the local community, including schools, cycle-clubs and youth services.
North Smethwick Development Trust West Midlands Award: £53,000	 Multi-Use Facility/ Managed Workspace	Funding will help the business develop new income streams, contribute to the upgrade of facilities, enable new apprenticeship roles to be created, and increase social impact on low income families.

Organisation	Sector	Funds allocated for
Porlock Futures CIC South West Award: £75,000	 Food & Farming	Funding towards a start-up business that will grow and sell oysters. The business will create local employment, deliver training for young people and contribute to local regeneration.
Red Brick Building Centre South West Award: £249,000	 Multi-Use Facility/ Managed Workspace	Funding to help this Community Benefit Society increase earned income by maximising space, carrying out essential repairs and recruiting business development staff, as well as increasing overall impact.
SAFE Regeneration Ltd North West Award: £300,000	 Multi-Use Facility/ Managed Workspace	Funding towards the purchase and refurbishment of a disused pub that is being transformed into a community facility, eatery and micro-brewery that will help regenerate the local area and provide much-needed access to work.
South Tynedale Railway Society (STRS) North West Award: £290,000	 Community Transport	Capital contribution towards costs for rail line extension and preservation of community assets. Impact includes increased volunteering and educational opportunities.
Spacious Place Contact Ltd North West Award: £500,000	 Multi-Use Facility/ Managed Workspace	Funding towards purchase and conversion of a building to create a community space and call centre that will create jobs for ex-offenders and vulnerable adults.
Station House Community Connections East of England Award: £489,000	 Multi-Use Facility/ Managed Workspace	Capital funding to refurbish and reopen a disused train station as a community centre, along with revenue funding for initial centre staff costs.
Trust in the North North East Award: £86,000	 Employment, training and/or education	Capital and revenue funding to increase capacity, diversify income streams, create further employment and training opportunities.
Westbury Community Shop and Café Ltd South East Award: £64,000	 Community Shop	Capital funding for shop refurbishment and café in a rural community, acting as a community hub and providing opportunities for young people to volunteer.
White Rock Trust South East Award: £315,000	 Multi-Use Facility/ Managed Workspace	Funding to support conversion and refurbishment of a building to create affordable work spaces, creative art spaces, community facilities and affordable housing. Project will contribute to local regeneration.
Number of organisations: 32		
Total awarded (IGP grants): £6,985,000		

Grants awarded

Blended grant and loan funds

Organisation	Sector	Funds allocated for
Barnsley Community Build Yorkshire & Humber Award: £100,000	 Employment, training and/or education,	Grant unlocked a Key Fund loan of £300,000 to deliver a range of services to the disadvantaged in the area.
Groundwork Wakefield Yorkshire & Humber Award: £88,000	 Sports & Leisure	Grant unlocked a Key Fund loan of £132,000. Funding to upgrade facilities to generate surpluses to reinvest in community and environmental projects.
Harrogate Skills 4 Living Centre Yorkshire & Humber Award: £200,000	 Employment, training and/or education,	Grant unlocked a SASC loan of £830,000 to improve outreach for adult learning in the town.
Higher Rhythm Limited Yorkshire & Humber Award: £40,000	 Tourism, Heritage,  Arts & Culture, Digital	Grant unlocked a Key Fund loan of £50,000. Funding will go towards the purchase of new premises and allow more socially and economically disadvantaged people to access development opportunities and move towards employment or education.
JC Ready4Work Yorkshire & Humber Award: £40,000	 Employment, training and/or education,  Food (Catering) & Farming	Grant unlocked a Key Fund loan of £40,000. Funding is for a new health bar in Hull City Centre that will support long-term sustainability and address local health and well-being issues.
Manvers Lake & Dearne Valley Trust Ltd Yorkshire & Humber Award: £30,000	 Sports & Leisure	Grant unlocked a Key Fund loan of £70,000. The capital will go towards completion of a new boat store and the installation of solar panels that will improve sustainability and social impact.
Riverside Stewardship Company Ltd Yorkshire & Humber Award: £25,000	 Conservation of the Environment	Grant unlocked a Key Fund loan of £50,000 to improve the waterways for use by the community.
STEP Development Trust Yorkshire & Humber Award: £19,000	 Community Energy,  Health & Social Care	Grant unlocked a Key Fund loan of £57,000. Funding will allow the purchase and installation of solar panels and provide a new community-based club for elderly people.

Organisation	Sector	Funds allocated for
StoreRoom2010 South East Award: £80,000	 Craft, Industry & Production	Grant unlocked a SASC loan of £364,000 which will enable this furniture reuse charity to help more disadvantaged families in the community to furnish their homes affordably.
The Works Skate Park Yorkshire & Humber Award: £12,000	 Sports & Leisure	Grant unlocked a Key Fund loan of £68,000. Funding will contribute towards operational costs and support the implementation of growth plans that will increase impact and enable new contracts to be delivered.
Yorkshire Children's Centre Yorkshire & Humber Award: £111,000	 Health & Social Care	Grant unlocked a Key Fund loan of £300,000 that will go towards an extension to support more vulnerable members of the community and help develop new income streams.
Number of organisations: 11		
Total awarded (Wholesale funds): £745,000		
Total awarded (IGP grants and blended grants and loans): £7,730,000		

Looking forward: our plans for 2016

In January 2016, we published our strategy which sets out our priorities for the next three years, as well as our activities for 2016. These are described below:



Funding

These are the programmes through which we provide direct funding and support to community businesses



Market development

These are the activities through which we grow the infrastructure to support community businesses in neighbourhoods, sectors, regionally and nationally



Communications and Research

These are the activities through which we build the evidence for community businesses and make the case for their impact

Funding

Our priorities for funding community businesses are to:

- Provide support at each stage of their life-cycle.
- Link to other funders to unlock capital.
- Build scale in particular sectors.

Direct funding

We want to support community businesses at every stage of their life-cycle. To achieve this, we will launch two new programmes.

We launched our Community Business Fund in April 2016. Combined revenue and capital grants up to £300,000 over three years and capacity-building support will be available to community businesses across England looking to progress beyond the start-up phase and grow their traded income.

We will work with partners on start-up and pre-feasibility funding who are already connected to the best early stage community business ideas in order to grow the pipeline for the Community Business Fund in the future.

Linking to other funders

We see ourselves as part of a wider ecosystem of funding and support. We therefore want to work with other funders to unlock additional capital for the community business sector.

Blended funding and community shares

We will complete our pilot of blended loans and grant funding working with Key Fund and Social and Sustainable Capital and use this learning to inform our longer-term approach.

We have also begun a new £1 million pilot with the Community Shares Unit to stimulate and support new community share issues in under-represented sectors and places through match funding.

Sectors

We want to work with partners to accelerate the growth of community business across particular sectors with a view to providing the widest charitable benefit and learning where there is the most impact.

We have developed a multi-year, cross-sector partnership to provide funding and support to accelerate the number of community pubs across England. Working alongside the Department for Communities and Local Government and a consortium led by the Plunkett Foundation, we are looking to create community hubs that can tackle urban and rural disadvantage.

Market development

Our priorities for market development are to:

- Invest in the infrastructure to make it easier for local people to start up and sustain community businesses.
- Demonstrate that community businesses can transform places, improving their economic, social and environmental outcomes.

Online marketplace

We will assess the feasibility of developing an online marketplace for community businesses to find high quality providers of business development and technical support.

Peer network fund

We will develop and launch a fund to enable community businesses to actively participate in peer network activities, working with organisations that successfully operate national, regional and sectoral peer networks.

Investing in support providers

We will implement a programme to support innovation by new and existing support providers that can make it easier for communities to start up and grow community businesses.

Community business leadership

We want to up-skill those running community businesses to create a new cohort of sector leaders.

Investing in places

We will work with partners in a number of local areas to develop our understanding of how best to invest locally to create momentum behind community business. We will learn from these places to shape our longer-term approach to place-based funding.

Communications and Research

Our priorities for communications and research are to:

- Build understanding and awareness of community business and its benefits for society amongst the public at large.
- Evaluate the impact of our funding and our programmes.
- Build the evidence base for community business.

Raising awareness

We will run two public facing campaigns to raise awareness of community business outside of our immediate sector. One focuses on the North West, a stronghold for community business, a campaign we will run in conjunction with the Trinity Mirror Group whose titles include the Manchester Evening News and the Liverpool Echo. The other is a Community Business Weekend in early July where our grantees and leadership panel will open the doors of their community businesses to their neighbourhoods.

Building partnerships

Moving beyond our collaboration with our immediate sector partners, we will also build relationships with corporates in the wider business world in order to mobilise their customers, workforce and financial resources to build the community business movement through increased volunteering, funding and customer bases.

Evaluating impact

As we have done in our first year, we will continue to evaluate the impact of new funding programmes, both individually and as part of assessing our overall impact as an organisation, and share what we learn. We will also pilot social impact measures, with a focus on ensuring that our requirements are proportionate for grantees and aligned to those of others.

Building the evidence base

We have updated the market analysis we published in 2015. Entitled 'The community business market in 2015', this publication provides a comprehensive view of the health of the sector and examines prospects for growth.

Our approach to funding

1	Thematic and strategic funding will be combined with open funding programmes	We will always provide open funding programmes to which anyone in England with a great community business idea can apply. We will also direct a proportion of our annual funding to thematic and strategic investments, including focusing on particular sectors, local places and infrastructure development.
2	Disadvantage will be emphasised because it is more likely to deliver social impact	Our portfolio of grants and projects will be disproportionately focused on disadvantaged people and places because we believe this focus is more likely to deliver social impact. We recognise different forms of disadvantage, including rural isolation and the lack of access to basic services.
3	We accept risk and learn from failure	Sometimes we will need to accept risk, for example when supporting a community business with a less established track record, or in an area of significant market failure. Not all of the community businesses that we invest in will succeed, but wherever possible, we will provide support to improve their chances and learn from failure.
4	Sustainability will be an important focus	We want to demonstrate that community business is a sustainable business model to address local issues, so will focus on the potential a community business has to become self-sufficient. We may support community businesses or support providers more than once to help them complete their journey to sustainability.
5	We will draw in investment from others	To make transformative change in our relatively short life, we will use our funding to attract financial and in-kind support from others across government, the private sector, other funders and the public themselves.
6	We will support community businesses to measure their impact	In supporting community businesses, we expect them to be able to explain the longer-term impact they wish to create and will provide advice and support to ensure they can track that impact over time.
7	Strong focus on evidence and learning	We will use evidence and learning to constantly improve our programmes. Through the Power to Change Research Institute, we will seek to build a strong evidence base for community business alongside practical tools, and share both widely.
8	We promote community business before Power to Change	We will use our brand to further the work of the sector, collaborate with partners to amplify the impact of their activities, invest in cross-sector campaigns and build the leadership capacity of community businesses to become the voice of the sector.

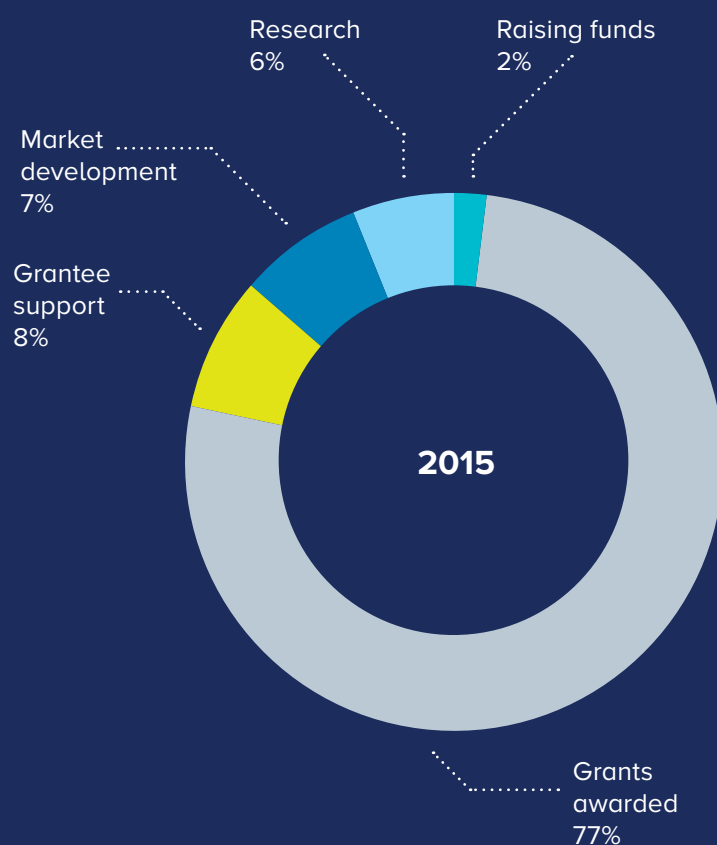
Financial review

for period 21 January 2015 to 31 December 2015

Income and endowments	2015
Funding	£149,204,000
Investment Income	£1,491,000
Total	£150,695,000

Expenditure on:	2015
Raising funds	£212,000
Charitable activities:	
Grants awarded	£8,185,000
Grantee support	£844,000
Market development	£802,000
Research	£630,000
Total	£10,673,000

Expenditure on:



Investment Strategy

On 21 January 2015 Power to Change received an expendable endowment of £149,204,000 from the Big Lottery Fund to fund its activities supporting and developing community businesses over the next 7–10 years. The investment of this expendable endowment is managed by Cazenove Capital Management who were selected through a competitive tender process.

The Trust's investment policy sets out the Trust's overall investment objectives, its attitude to risk, asset allocation, liquidity and other policy requirements. It is reviewed annually. Performance is measured against appropriate market benchmarks and indices and is targeted at CPI plus 2% over the life of the invested funds.

The policy targets total returns. It aims to achieve the best financial return within an acceptable level of risk whilst ensuring that the Trust has sufficient liquidity to meet medium-term expenditure commitments. It is therefore a policy requirement to maintain sufficient liquidity (in cash and cash-like instruments) to meet current expenditure which is defined as a minimum 18 months of total programmatic and operating costs.

Two portfolios have been created with the invested funds: Growth which targets long-term capital growth with an element of capital risk; and Reserve which invests in fixed-income bonds with lower returns but minimal capital risk. The balance is held as cash by the Trust in interest-earning retail deposit accounts. The strategic allocation of the Growth portfolio is 40% global equities, 35% absolute return, 20% bonds and 5% property invested through best of breed pooled and index funds. The Reserve portfolio primarily consists of bonds held to maturity but with a small amount of interest-earning cash held with UK retail banks.

Investment restrictions include no direct exposure to companies manufacturing indiscriminate weapons or tobacco with indirect exposure in these areas limited to a maximum of 5%. Non sterling investments are limited to 25% of the portfolio and exposure to direct short-selling is prohibited.

As at 31 December 2015 37% was held in the Growth portfolio, 36% in the Reserve portfolio and the remainder in cash. This is a prudent investment strategy that aims to minimise the impact of possible market fluctuations.

Investment Performance

The total cost of funds invested during the period amounted to £133,367,000 however, due to the material market declines across all indices that occurred in the second half of 2015, the market value of these funds on 31 December 2015 stood at £131,987,000, a net loss of £1,380,000 after accounting for income reinvested of £725,000 and fees of £124,000.

The Growth portfolio was set up by Cazenove Capital Management to provide long-term growth in excess of inflation whilst maintaining a reliable and sustainable source of income to support expenditure. The fund is a mix of equities, bonds and property and absolute return funds. The market value of all non-cash assets at 31 December 2015 was £50,546,000, an unrealised, capital loss of £1,440,000. In percentage terms this was a fall of 2.8% which compares unfavourably when benchmarked against a composite index decline of 2.2%. Equities and bonds performed better than individual market indices while absolute return and property funds performed worse.

The Reserve portfolio was set up by Cazenove to hold cash and bonds with carefully matched durations to meet the Trust's medium-term liabilities. The market value of the bonds at 31 December 2015 was £39,814,000, an unrealised capital loss of £539,000. This represented a decline of 1.3% against a corporate bond benchmark of 2.1%.

Cash reserves held by Cazenove at 31 December 2015 amounted to £11,618,000.

£30,009,000 is held with Lloyds Bank, the Trust's retail banker, on notice accounts that achieve a higher return than the cash accounts offered through Cazenove once management fees were taken into account.

Total realised income to 31 December 2015 came to £1,491,000. This consisted of £811,000 of bond coupons, £232,000 of equity dividends, £47,000 fund income and £401,000 bank interest.

Funds expended

Total funds expended to 31 December 2015 were £10,673,000 including £6,985,000 on direct grants as part of our IGP (Initial Grants Programme). Grants awarded are listed in Note 4 to the accounts. Support and Governance costs of £1,099,000 represent 10.2% of total spend and reflects a reasonable proportion of total spend in what is the set-up period for the Trust.

Initial start-up costs of £560,000 are excluded from these statutory accounts but have been recorded and reported through Power to Change Trustee Limited, the Trust's corporate Trustee. This amount represents initial feasibility and start-up costs incurred prior to 21 January 2015, the date at which the Trust received the £149,204,000 from the Big Lottery Fund. This is the date the Trust legally came into existence.

Reserves

An Expendable Endowment Fund has been created to hold the Big Lottery Fund endowment of £149.2m. The majority of this has been invested through the appointed investment fund managers, Cazenove, in a mixed portfolio of equity and fixed income investment products and fixed-term cash deposits.

Income arising from the endowed funds is transferred to a Restricted fund. Since this is an expendable endowment the Trustee Directors also – at their discretion – apply part or all of the endowment capital to be transferred as income to this Restricted fund in line with budgeted expenditure.

The Trustee Directors treat the Expendable Endowment Fund and the Restricted fund as a combined, highly liquid resource to fund grants and other activities furthering the Trust's objects. They therefore do not consider that a particular level of income (or 'free') reserves is necessary. Funds are drawn down from these Funds in line with budgeted expenditure to further the Trust's objects. Budgeted expenditure for the forthcoming year is reviewed and approved on an annual basis.

Total funds held in reserve at 31 December 2015 amounted to £138,043,000.

Structure, governance and management

Charitable objects

The charitable objects of the Trust are set out in its governing document and include the following (which do not limit the Trust's overriding general charitable object):

- The relief of poverty and unemployment
- The advancement of education
- The promotion of the voluntary sector
- The advancement of citizenship or community development
- The promotion of sustainable development
- The development of the capacity and skills of disadvantaged groups in society
- Urban and rural regeneration in areas of social and economic deprivation
- The promotion of social and economic inclusion

The overall vision of Power to Change is 'better places through community business' delivered through a mission to 'back people to build successful local businesses for the benefit of their communities'. Funding is provided where a charitable purpose can be identified.

Governance

Power to Change Trust is a charitable trust (Charity Commission registration number 1159982) and is constituted under a trust deed dated 6th January 2015. The trust came into existence on 21 January 2015 upon receipt of the £149,204,000 endowment from the Big Lottery Foundation. It has a sole corporate Trustee – Power to Change Trustee Limited – a private company (company number 8940987) limited by guarantee.

Board members are directors of Power to Change Trustee Limited and are referred to as Trustee Directors throughout this report. At 31 December 2015 there were seven Trustee Directors and they are listed on the next page.

New Trustee Directors are sought by open advertisement and undergo a rigorous, three-stage interview process. The ultimate decision on selection is a matter for the Trustee Directors already in place. The formal programme for Trustee Director induction is undertaken by Wrigleys Solicitors, the Trust's legal advisors, and comprises amongst other things, information on the powers and responsibilities of the Trustee Directors including board meetings and subcommittees, investments and the grant-making process.

New Trustee Directors are initially appointed to serve for one year after which they become eligible for reappointment for a further three years. The Trust Deed provides for a minimum of five Trustee Directors to a maximum of eleven.

The Trustee Directors agree the broad strategy and areas of activity for the Trust including consideration of grant making, investment, reserves and risk management policies and performance. The day-to-day administration of grants and the processing and handling of applications prior to consideration by the relevant subcommittee is delegated to the Chief Executive and her team.

In 2015 the board met monthly. There are four sub-committees of the Board that oversee particular aspects of the Trust's work.

The Grants Committee reviews and awards grants to individual grant applications from community businesses that have successfully completed the Trust's grants assessment process. Its membership consists of all Trustee Directors and it meets monthly.

The Finance & Investment Committee oversees most financial aspects of the Trust in particular budgeting, financial and management reporting and investment. It formulates the Trust's investment policy, selects investment managers and monitors investment performance. Three Trustee Directors sit on the Committee and it meets quarterly.

The Audit & Risk Committee oversees all systems of financial control at the Trust including the annual audit and all its risk management processes. Three Trustee Directors sit on the Committee and it meets three times a year.

The People & Governance Committee oversees all people and governance matters at the Trust including composition of the Board, all policy and people related matters and the Trust's values. Three Trustee Directors sit on the Committee and it meets three times a year.

The Trustee Directors and the Chief Executive comprise the key management personnel of the charity in charge of directing and controlling the charity and running and operating the charity on a day-to-day basis. All Trustee Directors give of their time freely and no Trustee Director remuneration was paid in the year.

The pay of the Chief Executive and the Executive Team is reviewed annually by the People & Governance Committee and normally increased in line with inflation. The remuneration is also benchmarked with grant-making charities of a similar size and activity to ensure that the remuneration set is fair and not out of line with that generally paid for similar roles.

The table below shows Trustee Directors in post during the period and up to the date of signing of this report as well as the subcommittees of which those Trustee Directors are members.

Name	Appointed	Retired	Audit & Risk	Finance & Investment	Grants Committee	People & Governance
Sam Berwick	23 Jan 2015			✓	✓	
Katie Blacklock	21 Jan 2015			✓	✓	
Peter Capener	19 Mar 2016					
Stan Chan	23 Jan 2015		✓		✓	from 2 Sep 2015
David Clarson	19 Mar 2016					
Cathy Elliott	23 Jan 2015	18 Apr 2016	✓		✓	
David Godden	17 Mar 2014				✓	✓
Richard Handover	17 Mar 2014	16 Sep 2015			✓	✓
Ian Hempseed	19 Mar 2016					
Stephen Howard	17 Jan 2016					✓
Michelle Mitchell	17 Mar 2014	1 Apr 2016	✓		✓	
Carla Stent	23 Jan 2015			✓	✓	to 17 Mar 2016
Christopher Stephens	3 Apr 2016					

Executive management team

Vidhya Alakeson	Chief Executive
Marie Staunton	Chief Executive (interim; maternity leave replacement)
Mark Gordon	Director of Communications & Partnerships
Richard Harries	Director of the Research Institute
Bob Thust	Director of Programmes (resigned 31 March 2016)
Richard Cawthra	Director of Finance & Operations (interim)
Kate Stewart	Director of Funds
Elizabeth Corrado	Director of Market Development

Risk management

The Trust recognises that the effective management of risks is central to its ability to achieve its objectives and aims to anticipate and, where possible, manage risks rather than dealing with their unforeseen consequences.

The Trust has a five step approach to risk: clarify objectives; identify risks to achieving objectives; assess and rate the risks; determine the appropriate response to each risk; and then finally reviewing and reporting those risks.

Key risk review and reporting mechanisms at Power to Change are:

- *Risk Register and Matrix*: The risk register and matrix together form the Trust's primary mechanism for reporting longer-term risks. They identify all known long-term risks and assign them according to likelihood and impact. They are reviewed monthly by the Executive Team and by the Audit & Risk Committee at each of its meetings and a summary of significant changes is reported at each Board meeting.
- *Key Performance Indicators (KPIs)*: Strategic objectives are identified annually, with associated KPIs. These are the key tool by which the Trust measures its performance against identified short-term risks. They are reviewed monthly by the Executive Team and reported to the Audit & Risk Committee and the Board according to a schedule.
- *Weekly Progress and Priorities Report*: This identifies and measures key activities against current milestones, assigning ratings against individual functional areas. The Executive Team reviews the report weekly.

The Trust has also prepared and agreed a risk appetite statement that identifies its appetite for risk across all its areas of activity. For example grant-making has a different appetite for risk (medium/high) compared to legislative/regulatory compliance where risk tolerance is zero.

The Trustee Directors have given consideration to the major risks to which the charity is exposed and have satisfied themselves that systems or procedures are established in order to manage those risks.

The principal risks and uncertainties identified are how they are migrated are set out below.

Principal risk	Mitigation
Failure to spend funds in a timely fashion and, as a result, failure to increase the number of community businesses/size of the community business sector.	The rate of actual and forecast spend is monitored regularly to identify areas of possible underspend so that appropriate responses can be put in place.
Failure to build a true learning organisation.	Internal collaboration is prioritised and a formal continuous improvement model has been implemented.
Underperformance of financial investments foreshortening the planned timeframe over which the Trust is forecast to operate.	Investment strategy is constructed to balance risk, return and liquidity. This is reviewed regularly with the investment manager and amended as necessary.

Reference details & Advisors

Registered Office	The Clarence Centre 6 St George's Circus London SE1 6FE
Auditor	Crowe Clark Whitehill LLP St Bride's House 10 Salisbury Square London EC4Y 8EH
Bankers	Lloyds Bank 125 Colmore Row Birmingham B3 3SF
Investment Fund Managers	Cazenove 12 Moorgate London EC2R 6DA
Solicitor	Wrigleys Solicitors LLP 19 Cookridge Street Leeds LS2 3AG

Statement of Trustee's responsibilities

In respect of the Trustee's Annual report and the financial statements

Focus of the activities

The Trustee Directors have given due consideration to Charity Commission guidance on the operation of the public benefit requirement and are satisfied that the work of Power to Change Trust meets that requirement.

Responsibilities of the Trustee

The Trustee Directors are responsible for preparing a Trustee's Annual report and financial statements in accordance with applicable law and FRS 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland.

The law applicable to charities in England and Wales require the Trustee Directors to prepare financial statements for each year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, of the charity for that period. In preparing the financial statements, the Trustee Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the applicable Charities Statement of Recommended Practice;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures that must be disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Trustee Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statements comply with the Charities Act 2011, that applicable Charities (Accounts and Reports) Regulations, and the provisions of the Trust deed. They are also responsible for safeguarding the assets of the charity and taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustee Directors are responsible for the maintenance and integrity of the charity and financial information included on the charity's website in accordance with legislation in the United Kingdom governing the preparation and disseminating of financial statements.

Approved by the Trustee Directors on the 18 May 2016 and signed on their behalf by:



Stephen Howard,
Chair

Protector's statement

for the period ended 31 December 2015

Function of the Protector

The Power to Change Trust ('the Trust') is a UK registered charity with a corporate trustee controlling its affairs. The Trustee is Power to Change Trustee Limited, which in turn is controlled by a board of directors (the 'Board') who meet regularly. The Board delegates the day-to-day running of the Trust to the Chief Executive.

The function of the Protector is 'to ensure the integrity of the administration of the Charity and the propriety of its procedures'. The Protector is not involved in decision making although the Trust Deed stipulates that Protector consent is required for the exercise of certain powers by the Trustee. The Protector should if necessary report on matters of serious concern to the Founder (Big Lottery Fund) or the Charity Commission. Each year the Protector is required to prepare a statement for publication by the Trustee in its Annual report explaining the Protector's role and how the role has been carried out.

Protector's Report

I was appointed as the Protector of the Trust effective 9 December 2014; the date the Trust signed the offer letter from Big Lottery Fund accepting its endowment and related conditions.

On 31 December 2014 my consent was requested to certain Trust Deed revisions and to approving shorter notice of the board meeting to approve the revisions. This was duly given and a supplemental trust deed was issued on 6 January 2015 following which Charity Commission approval was granted.

Big Lottery Fund transferred the balance of the £150 million endowment (£149,204,000) to the Trust on 21 January 2015. The endowment is expendable which means that the Trustee may use the capital as well as the income in furthering its objects. It is therefore accepted that the Trust will have a limited life. This has not been defined, as it is dependent upon a number of factors, but is expected to be at least seven years. Following a selection process, Cazenove Capital Management ('Cazenove') was selected to manage the portfolio. Funds have been transferred across to Cazenove in tranches with a sum being retained in cash with the Trust for more immediate needs. Stock market turbulence has resulted in some unrealised loss in value at various valuation points. Nevertheless I am confident that the Trustee Directors have exercised appropriate stewardship of the endowment.

The objects of the Trust are broad. The Trust Deed also contains a statement of the wishes of Big Lottery Fund, which explains that the purpose of the endowment is to 'make community-led enterprise across England a sustainable solution to local social and economic needs and opportunities'. It also sets out some guiding principles.

The Board comprises a maximum of eleven Trustee Directors and five were appointed initially to oversee the development of the Trust before it was formally constituted. One resigned in 2014 to apply for and then take up the role of Chief Executive and two remained on the Board at year end. A further five Trustee Directors were appointed in January 2015 to strengthen the Board, one of whom very ably took the role of interim Chair when the term of the original Chair expired in September. The overall commitment and dedication of the Board I have witnessed is to be commended.

The Board has been focussed on ensuring that its decision-making processes have operated effectively and has established four committees (Grants, Finance and Investment, Audit and Risk, and People and Governance). Minutes from the committees are circulated with the board papers prior to each board meeting. The Executive has found it challenging to issue papers to a consistently high standard and on a timely basis though this has been acknowledged and is being addressed.

I have received and reviewed papers for all board and committee meetings. Since my appointment to the end of December 2015, I have attended seven board meetings, eleven committee meetings, one board strategy meeting, as well as the two six monthly meetings with Big Lottery Fund, the Chief Executive and representatives of the Board. I have also had individual meetings with the Chair, interim Chair, Chief Executive and Big Lottery Fund representatives. All meetings have been conducted in an open and positive way.

The Executive, supported by the Board, has worked at a considerable pace to develop the foundations for the Trust and the plans for implementing its strategy. Excellent progress has been made in putting together the necessary plans, policies and procedures and in rolling out the Initial Grants Programme ('IGP'). My consent was sought and duly given in June to changes to the Manual of Regulations to support the administration of the IGP.

One of the lessons learned from the IGP as alluded to in the message from the Chair and Chief Executive has been to clarify what is meant by the term 'community business'. A concern of mine has been to ensure that both Executive and Board are cognisant of the fact that grants can only be given to community businesses for charitable purposes. This has been communicated and acknowledged and I am reassured by the fact that legal advisers have also attended all Grants Committee meetings and conducted training on this point.

In summary, there has been a considerable amount of work undertaken by both the Board and the Executive to put the infrastructure in place and develop a coherent strategy and much has been achieved in this first period. I look forward to the year ahead as the Trust makes its transition from the planning and organisational set-up phase and builds on the lessons learnt from its Initial Grants Programme to deliver its ambitions.



Susan Platts-Martin,
Protector – Power to Change

18 May 2016

Independent auditor's report

to the corporate Trustee of Power to Change Trust

We have audited the financial statements of Power to Change Trust for the period ended 31 December 2015 which comprise the Statement of financial activities, the Balance sheet, the Cash flow statement and the related notes numbered 1 to 15.

The financial reporting framework that has been applied in their preparation is applicable law and FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland.

This report is made solely to Power to Change Trustee Ltd, the charity's corporate Trustee, in accordance with section 154 of the Charities Act 2011. Our audit work has been undertaken so that we might state to the charity's Trustee those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's Trustee as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the corporate Trustee and auditor

As explained more fully in the Statement of the Trustee's responsibilities, the Trustee Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act.

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustee; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Trustee's Annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 December 2015 and of its income and expenditure for the period then ended;
- have been properly prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- the information given in the Trustee's Annual report is inconsistent in any material respect with the financial statements; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Crowe Clark Whitehill LLP

**Crowe Clark Whitehill LLP,
Statutory Auditor,
London**

31 May 2016

Crowe Clark Whitehill LLP is eligible to act as an auditor in terms of Section 1212 of the Companies Act 2006

Statement of financial activities

for period the 21 January 2015 to 31 December 2015

	Notes	Restricted Funds £'000	Endowment Funds £'000	Total 2015 £'000
Income and endowments from:				
Funding		–	149,204	149,204
Investment Income	2	1,491	–	1,491
Capital applied to income		8,970	(8,970)	–
Total		10,461	140,234	150,695
Expenditure on:				
	3			
Raising funds		–	212	212
Charitable activities:				
Grants awarded	4	8,185	–	8,185
Grantee support		844	–	844
Market development		802	–	802
Research		630	–	630
Total		10,461	212	10,673
Net gains/(losses) on investments		–	(1,979)	(1,979)
Net income/(expenditure)		–	138,043	138,043
Reconciliation of funds:				
Total funds brought forward		–	–	–
Total funds carried forward		–	138,043	138,043

All amounts related to continuing activity.

All charitable activities are in relation to Power to Change programmes.

All gains and losses are included in the statement of financial activities.

The accompanying notes on pages 40 to 54 form part of these financial statements.

Balance sheet

as at 31 December 2015

	Notes	£'000
Fixed asset		
Intangible assets	6	65
Tangible assets	7	22
Investments	8	131,987
		132,074
Current assets		
Cash at bank and in hand		8,279
Debtors	9	3,456
		11,735
Liabilities		
Creditors: amount falling due within one year	10	5,741
Net current assets		5,994
Total assets less current liabilities		138,068
Creditors: amount falling due after one year	10	25
Net assets		138,043
The funds of the charity		
Endowment fund	15	138,043
Total funds		138,043

Approved by the corporate Trustee. Authorised for issue on 18 May 2016 and signed on behalf of the Trustee:



Stephen Howard,
Chair

Cash flow statement

for period 21 January 2015 to 31 December 2015

	£'000
Cash inflow/(outflow) from operating activities	
Net incoming/(expenditure)	(11,161)
Losses on investments	1,979
Investment income earned	(1,491)
Investment fees paid from capital	124
Depreciation of tangible and intangible fixed assets	10
Impairment loss on social Investment	100
(Increase)/decrease in operating debtors	(3,055)
Increase/(decrease) in creditors	5,766
Net cash flow from operating activities	(7,728)
Cash inflow/(outflow) from investing activities	
Investment income received	367
Payments to acquire tangible and intangible fixed assets	(97)
Payments to acquire fixed asset investments	(133,367)
Payments to acquire social investment	(100)
	(133,197)
Cash inflow/(outflow) from financing activities	
Receipt of endowment fund	149,204
Increase/(decrease) in cash in the year	8,279
Analysis of changes in net funds	£'000
Cash at bank and in hand:	
at 21 January 2015	–
Cash flows	8,279
at 31 December 2015	8,279

Notes to the accounts

for the period 21 January 2015 to 31 December 2015

1. Accounting policies

Introduction

The accounts (financial statements) have been prepared to give a 'true and fair view' and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair view'. This departure has involved following the 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) issued on 16 July 2014 rather than the previous Statement of Recommended Practice: Accounting and Reporting by Charities which was effective from 1 April 2005 but has since been withdrawn.

In the application of the charity's accounting policies the Trustee Directors are required to make judgements, estimates, 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 ongoing 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.

In the view of the Trustee Directors, no assumptions concerning the future or estimation of uncertainty affecting assets and liabilities at the balance sheet date are likely to result in a material adjustment to their carrying amounts in the next financial year.

There are no material uncertainties about the charity's ability to continue as a going concern.

Power to Change Trust meets the definition of a public benefit entity under FRS 102.

Income and endowments

Incoming resources are recognised in the period in which the charity is entitled to receipt and the amount can be measured with reasonable certainty. Income is deferred only when the charity has to fulfil conditions before becoming entitled to it or where the donor or funder has specified that the income is to be expended in a future accounting period.

Notes to the accounts for the period 21 January 2015 to 31 December 2015 (continued)

Fund accounting

Restricted funds are funds that have been given for particular purposes and projects. Restricted funds must be used in accordance with the funders' or donors' wishes.

Endowment funds represent capital gifted by Big Lottery Fund. Any income arising from the Endowment Fund is added to the Restricted Fund. The Trustee Directors may also, at their discretion, determine to apply part or all of the endowment capital as income at which time the relevant amounts are transferred to the Restricted Fund.

Expenditure

Expenditure is included on an accruals basis for charitable activities, cost of raising funds and governance.

Resources expended are allocated to a particular activity where the cost relates directly to that activity.

Grants payable are accounted for in full as liabilities when approved and notified to grantees because there is a valid expectation that they would receive the grant as offered and accepted.

The cost of those staff whose responsibility was the direct management and administration of an activity are apportioned based on time spent in undertaking that activity. The direct staff cost allocation for the period to 31 December 2015 was:

- grants awarded: 17%
- grantee support: 26%
- market development: 46%
- research: 11%

Allocation of support costs

Support costs are those costs which enable the generation of funds and which enable charitable activities to be carried out. These costs include governance costs, finance, human resources and information technology. Support costs are reallocated to each of the activities based on an estimate of support staff time attributable to each activity. The support staff cost allocation for the period 31 December 2015 was:

- grants awarded: 18%
- grantee support: 30%
- market development: 37%
- research: 15%

Notes to the accounts for the period 21 January 2015 to 31 December 2015 (continued)

Raising funds

The cost of raising funds are the invested management fees charged by Cazenove Capital Management for managing the investment portfolios. Fees were charged quarterly and based on the daily average value of the portfolio over the quarter. Investment fees include VAT which cannot be recovered.

Governance costs

Governance costs are the costs associated with the governance arrangements of the charity. These costs are associated with constitutional and statutory requirements and include any costs associated with the strategic management of the charity's activities. Governance costs include an element of staff time based on the proportional allocation described under the Expenditure policy above.

Intangible fixed assets

Website development costs and customer relationship management software have been capitalised within intangible assets as they can be identified with a specific project anticipated to produce future benefits. Amortisation is provided to write off assets on a straight-line basis over their estimated useful economic life:

- CRM software: 3 years
- Website: 3 years

The amortisation charge begins in the month of purchase and is included in charitable activities expenditure.

Tangible fixed assets

All assets costing more than £1,000 are capitalised. Depreciation is provided to write off assets on a straight-line basis over their estimated useful economic life:

- IT equipment: 3 years

The depreciation charge begins in the month of purchase and is included in charitable activities expenditure.

Fixed asset investments

Fixed asset investments are a combination of bond, equity and fund investments plus cash deposits held in interest-bearing accounts and are reported at their fair values, being their market value, at the balance sheet date. Gains and losses arising on the disposal of investments and the revaluation to market value are charged or credited to the statement of financial activities in the year.

Notes to the accounts for the period 21 January 2015 to 31 December 2015 (continued)

Social investments

Social investments are held at cost less any diminution in value unless the charity is able to obtain a reliable estimate of fair value.

Financial instruments

The charity has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at amortised cost using the effective interest method. Financial assets held at amortised cost comprise cash at bank and in hand, together with trade and other debtors. Financial liabilities held at amortised cost comprise trade and other creditors.

Investments, held as a part of a portfolio, are stated at fair value at the balance sheet date with gains and losses being recognised within income and expenditure.

Pension

The charity operates a group personal pension plan. The pension cost charge represents contributions payable under the scheme by the charity to the fund. The charity has no liability under the scheme other than for the payment of those contributions.

2. Investment income

	£'000	£'000
Fixed interest from bonds	811	
Dividends from equities	232	
Income from multi-asset funds	35	
Income from property funds	12	
Income from investment cash	125	
Income from fixed asset investments		1,215
Bank interest on current accounts		276
Total		1,491

Notes to the accounts for the period 21 January 2015 to 31 December 2015 (continued)

3. Expenditure allocation

	Charitable activities				Raising funds £'000	Total £'000
	Grants awarded £'000	Grantee support £'000	Market development £'000	Research £'000		
Direct costs						
Grants awarded:						–
Direct grants	6,985	–	–	–	–	6,985
Blended grants	745	–	–	–	–	745
Grantee support	–	324	–	–	–	324
Market development	–	–	46	–	–	46
Research	–	–	–	383	–	383
Finance charges	–	–	–	–	212	212
Staff costs (inc. contractors)	127	194	338	83	–	742
Legal costs	30	–	7	–	–	37
Impairment loss on social investment	100	–	–	–	–	100
Total direct costs	7,987	518	391	466	212	9,574
Support costs						
Governance costs	37	61	76	31	–	205
Staff costs (inc. contractors)	79	132	164	66	–	441
Communications	27	44	57	22	–	150
IT and consultancy	19	31	40	16	–	106
Rent and office costs	34	55	70	28	–	187
Depreciation	2	3	4	1	–	10
Total support costs	198	326	411	164	–	1,099
Total expenditure	8,185	844	802	630	212	10,673

Notes to the accounts for the period 21 January 2015 to 31 December 2015 (continued)

4. Grants awarded

Direct grants:

Grantee	To be disbursed within 1 year £'000	To be disbursed > 1 year £'000	Total £'000
Adrenaline Alley	525	–	525
Alt Valley Community Trust	220	–	220
Bamford Community Society	120	–	120
Bootstrap Company Ltd	87	–	87
Burton Street Foundation Ltd	384	–	384
Centre at Three Ways	499	–	499
Diss Corn Hall Trust	69	3	72
East Lancashire Football Development Association (ELFDA)	200	–	200
Goodwin Development Trust	200	–	200
Granby Four Streets Community Land Trust Ltd	391	–	391
Greenslate Community Farm Ltd	103	–	103
Hallbankgate Hub	61	9	70
Hampstead Norreys Community Shop Ltd	189	–	189
High Street Centre Ltd	75	–	75
Homebaked Cooperative Anfield Ltd	133	13	146
Incredible Edible Todmorden	139	–	139
Kirkgate Arts	57	–	57
Kiveton Park and Wales CDT	308	–	308
Linskill and North Tyneside CDT	81	–	81
Meltham Carlile CIC	238	–	238

Notes to the accounts for the period 21 January 2015 to 31 December 2015 (continued)

Grantee	To be disbursed within 1 year £'000	To be disbursed > 1 year £'000	Total £'000
New Wortley Community Association Ltd	210	–	210
Newark Sports Association	250	–	250
North Smethwick Development Trust	53	–	53
Porlock Futures CIC	75	–	75
Red Brick Building Centre	249	–	249
SAFE Regeneration Ltd	300	–	300
South Tynedale Railway Society (STRS)	290	–	290
Spacious Place Contact Ltd	500	–	500
Station House Community Connections	489	–	489
Trust in the North	86	–	86
Westbury Community Shop and Café Ltd	64	–	64
White Rock Trust	315	–	315
	6,960	25	6,985

Notes to the accounts for the period 21 January 2015 to 31 December 2015 (continued)

Blended grants:

Grantee/Partner	To be disbursed within 1 year £'000	To be disbursed > 1 year £'000	Total £'000
Barnsley Community Build/Key Fund	100	–	100
Groundwork Wakefield/Key Fund	88	–	88
Harrogate Skills 4 Living Centre/SASC	200	–	200
Higher Rhythm Limited/Key Fund	40	–	40
JC Ready4Work/Key Fund	40	–	40
Manvers Lake & Dearne Valley Trust Ltd/ Key Fund	30	–	30
Riverside Stewardship Company Ltd/Key Fund	25	–	25
STEP Development Trust/Key Fund	19	–	19
StoreRoom2010/SASC	80	–	80
The Works Skate Park/Key Fund	12	–	12
Yorkshire Children's Centre/Key Fund	111	–	111
	745	–	745
Direct costs			157
Provision for social investment			100
Allocation of support costs (Note 3)			198
			8,185

Notes to the accounts for the period 21 January 2015 to 31 December 2015 (continued)

5. Governance costs

	£'000
Staff and contractor costs	32
Audit fees	17
Legal expenses	72
Protector's fees and expenses	16
Trustee Director expenses	1
Trustee Director recruitment	49
Other	18
	205

6. Intangible fixed assets

	Software £'000	Website £'000	Total £'000
Cost			
Balance brought forward	–	–	–
Additions	30	42	72
Disposals	–	–	–
Balance carried forward	30	42	72
Amortisation			
Balance brought forward	–	–	–
Disposals	–	–	–
Charges for the year	2	5	7
Balance carried forward	2	5	7
Net book value	28	37	65
Brought forward	–	–	–
Carried forward	28	37	65

Notes to the accounts for the period 21 January 2015 to 31 December 2015 (continued)

7. Tangible fixed assets

	IT equipment £'000	Total £'000
Cost		
Balance brought forward	–	–
Additions	25	25
Disposals	–	–
Balance carried forward	25	25
Depreciation		
Balance brought forward	–	–
Disposals	–	–
Charges for the year	3	3
Balance carried forward	3	3
Net book value	22	22
Brought forward	–	–
Carried forward	22	22

Notes to the accounts for the period 21 January 2015 to 31 December 2015 (continued)

8. Fixed asset investments

	£'000
Commercial investments	
Capital invested in the year:	
Cazenove Capital Management	103,367
Lloyds Bank	30,000
	133,367
Income reinvested	723
Management fees paid from capital	(124)
Losses on investment values	(1,979)
Value at 31 December 2015	131,987
Social investments	
Investment in community shares	100
Less: impairment provision	(100)
Value at 31 December 2015	–
Total investments at 31 December 2015	131,987
Investment asset allocation	£'000
Cazenove Capital Management:	
Fixed income investments	46,038
Equity investments	25,064
Multi-asset investments	16,372
Property fund investments	2,886
Cash and deposits	11,618
Lloyds Bank:	
Term deposits	30,009
Total investments at 31 December 2015	131,987

Notes to the accounts for the period 21 January 2015 to 31 December 2015 (continued)

Cazenove Capital Management charged fees quarterly based on the daily average value of the portfolio over the quarter. Investment fees include VAT which cannot be recovered.

Fees:

- Reserve portfolio 0.15%
- Growth portfolio 0.45%

Community shares (treated as a social investment) to the value of £100,000 were purchased during the period as part of the charity's drive to encourage the development of more sustainable business models in the community business sector. Because of the nature of the particular business invested in it is considered unlikely that the investment will yield dividends or that the shares can be sold on. Therefore a provision has been made for amount of £100,000.

9. Debtors

	£'000
Prepayments	64
Advances to intermediaries	2,975
Other debtors	417
	3,456

10. Creditors

	Due within 1 year £'000	Due in > 1 year £'000	Total £'000
Trade creditors	321	–	321
Grants payable	5,070	25	5,095
Pension payable	3	–	3
Accruals	347	–	347
	5,741	25	5,766

Notes to the accounts for the period 21 January 2015 to 31 December 2015 (continued)

11. Staff costs and numbers

	£'000
Wages and salaries	327
Social security costs	35
Employer pension contributions	12
Other employee benefits	4
Staff expenses	40
Total employee costs	418
Contractor costs	677
Recruitment costs	120
	1,215

The operating cost of the pension scheme during the period was £500.

The average number of employees during the year calculated on a full-time basis was as follows:

Charitable expenditure	5
Governance	1
	6

The number of employees who received remuneration of more than £60,000 in the year was as follows:

£70,000 – £79,999	1
£100,000 – £109,999	1

Total key management personnel costs for the year (staff and contractors) were £389,427.

12. Trustee remuneration, benefits and expenses

Trustee Directors received no remuneration. Three Trustee Directors received reimbursements for travel costs during the period totalling £1,010. Trustee Director recruitment costs during the period were £49,080.

Notes to the accounts for the period 21 January 2015 to 31 December 2015 (continued)

13. Allocation of assets by fund

	Restricted Funds £'000	Endowment Funds £'000	Total 2015 £'000
Intangible assets	65	–	65
Tangible assets	22	–	22
Investments	–	131,987	131,987
Current assets	5,591	6,144	11,735
Creditors	(5,678)	(88)	(5,766)
	–	138,043	138,043

The income funds are only available to be used in accordance with the funding terms as set by the Big Lottery Fund and have therefore been shown as Restricted Funds within these Financial Statements.

The Endowment Funds are capital but may, at the discretion of the Trustee Directors, be applied as income to be used under the same funding terms.

14. Financial instruments

	Fair value £'000	Amortised cost £'000	Cost less impairment £'000	Non-financial instruments £'000	Total £'000
Assets					
Intangible assets	–	–	–	65	65
Tangible assets	–	–	–	22	22
Investments	131,987	–	–	–	131,987
Cash at bank and in hand	–	8,279	–	–	8,279
Debtors	–	3,392	–	64	3,456
Liabilities					
Creditors: amounts falling due < 1 yr	–	(5,741)	–	–	(5,741)
Creditors: amounts falling due > 1 yr	–	(25)	–	–	(25)
	131,987	5,905	–	151	138,043

Notes to the accounts for the period 21 January 2015 to 31 December 2015 (continued)

The income, expenditure and net gains and losses recognised in the statement of financial activities during the period to 31 December 2015 by category are shown below:

	Fair value £'000	Amortised cost £'000	Total £'000
Investment income	1,215	276	1,491
Investment management fees	–	(212)	(212)
Social investment impairment	(100)	–	(100)
Net losses on investments	(1,979)	–	(1,979)
	864	64	(800)

All financial instruments measured at fair value are stated at market price at 31 December 2015. No current financial instruments measured at fair value are unquoted.

Total interest income for financial instruments not measured at fair value is £400,774.

15. Status of the Charity

Power to Change Trustee Limited (Co.No.8940987) is the corporate trustee of Power to Change Trust. The charity came into existence 21 January 2015 upon receipt of the endowment of £149,204,000 from the Big Lottery Fund. All relevant income and expenditure is recorded from this date in the accounts of the charity and this is the date from which these accounts are prepared.



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Power to Change

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