

FRIDAY



\*L520SZW3\*

LD3

04/03/2016

#95

COMPANIES HOUSE

**THE SOCIAL  
ENTERPRISE LOAN FUND  
(A COMPANY LIMITED BY  
GUARANTEE)**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**31 MARCH 2015**

Charity no 1042514

Company no 2995859

THE SOCIAL ENTERPRISE LOAN FUND  
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

Officers and professional advisers

---

Company registration number: 2995859

Charity registration number: 1042514

Registered office: 113-115 Fonthill Road  
London  
N4 3HH

Board of Trustees  
(Trustees and Directors): Pyarali Jamal  
Sarah Forster (Resigned 9 June 2015)  
Roger Hooley  
John Illingworth  
Nigel Kershaw  
Mohamed Omer

Chief Executive & Secretary: Mike J Baker (resigned 6 November 2015)

THE SOCIAL ENTERPRISE LOAN FUND  
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

Officers and professional advisers

Pyarali Jamal	Pyarali has twenty years of international experience in finance, strategy and operations, including over ten years with the Transaction Advisory Services group at EY. He has also provided independent consulting services to various organisations, including to those in the impact investing sector. He is currently the COO of London Re-use Limited. Pyarali sits on several other boards including the Big Issue Invest. He joined The Social Investment Enterprise Loan Fund ("TSELF") board in 2009.
Sarah Forster	Sarah has had a long career in development finance including senior roles at the World Bank and the New Economics Foundation. Sarah joined Big Issue Invest in 2007 where she is responsible for business strategy and development, social impact measurement and investor relations. Sarah joined the TSELF Board when we merged with BII in 2012. Sarah resigned on 9 June 2015.
Roger Hooley	After a long banking career and five years as Senior Commercial Lending Manager at West Bromwich Building Society, Roger is now a Senior Credit Manager at Aldermore Bank. Roger joined the TSELF Board in 2010 and is Head of the joint Credit Committee for the TSELF and BII Boards.
John Illingworth	John was Deputy Chief Executive of the Goodwin Development Trust a major social enterprise based in Hull and is now an independent consultant. John joined the Board in 2006.
Nigel Kershaw, OBE	Nigel joined The Big Issue in 1994 and currently is its Group Chairman, previously being its Chief Executive. Nigel is also Executive Chairman of Big Issue Invest.
Mohamed Omer	Mohamed is Financial Director of Intellicomm Solutions and also Board Member-External Affairs, Gardens of Peace Muslim Cemetery Trust, the largest dedicated Muslim Cemetery in the UK.  Mohamed is a Chartered Accountant and has been on the TSELF Board since 2009.
Mike Baker, Company Secretary	Mike was Regional Head of Small Business for NatWest and a Board Member of King's Cross SRB. He worked for NatWest for 30 years and was with TSELF for over 10 years. Mike resigned on 6 November 2015

THE SOCIAL ENTERPRISE LOAN FUND  
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

Officers and professional advisers

---

Bankers:

National Westminster Bank plc  
63 Piccadilly  
London W1A 2AG

Barclays Bank plc  
Percy Street Branch  
Newcastle upon Tyne NE1 4QL

The Co-operative Bank plc  
1 Balloon Street  
Manchester M60 4EP

Unity Trust Bank  
9 Brindley Place  
Birmingham  
B1 2HB

Solicitors:

Squire Sanders  
Solicitors  
Trinity Court  
16 John Dalton Street  
Manchester  
M60 8HS

Independent Auditors:

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
1 Embankment Place  
London  
WC2N 6RH

## THE SOCIAL ENTERPRISE LOAN FUND

---

INDEX	PAGE
Chairman's statement	2
Report of the Board of Trustees	3 – 9
Independent auditors' report	10 – 11
Statement of financial activities (including income and expenditure account)	12
Balance sheet	13
Principal accounting policies	14 – 15
Notes to the financial statements	16 – 21

# THE SOCIAL ENTERPRISE LOAN FUND CHAIRMAN'S STATEMENT

FOR THE YEAR ENDED 31 March 2015

Welcome to the 2015 Trustees' Report for The Social Enterprise Loan Fund ("TSELF"). Our Report has been prepared under the Guidelines in the Statement of Recommended Practice, SORP 2005.

The Social Enterprise Loan Fund was established in 1994 (originally called the Local Investment Fund) and is a Social Investment Financial Intermediary ("SIFI"). TSELF provides loans to sustainable charities and social enterprises in some of the most deprived areas of the UK which cannot otherwise raise financing from high street lenders. On 1 April 2012, we merged with the Big Issue Invest Limited ("BII") to create one of the UK's largest SIFIs – it was the first merger between two Community Development Finance Institutions in the UK and resulted in BII becoming TSELF's sole corporate member. The primary objective of the merger was to strengthen and expand our combined capabilities in order to better serve the social sector.

Since the merger, we have made several important strides, including the following:

- Restructured our regional and office staff to enhance our go-to-market, credit assessment, loan administration capabilities (in collaboration with the Big Issue Invest team), and the budgeting and financial performance functions;
- Utilised the capabilities of the BII senior management and staff, including of the new BII CEO (James Fairweather) who joined BII in September 2014;
- Leveraged our combined capabilities to raise capital and our profile; and
- Importantly, we have started a fundamental strategic review that will impact the organisation's direction.

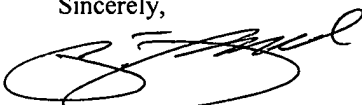
During the year we invested £1,023,575 in new loans (compared to £199,482 in 2014).

Our bad debt charges during the year increased to £114,361 (compared to £56,622 in 2014) following identification of under-performing historical loans. We made twenty new loans during the year (compared to nine in 2014). As of 31 March 2015, TSELF had 44 loans in its portfolio with a total outstanding loan balance of approximately £1.9 million (compared to £1.3 million in 2014).

Our ongoing strategic review of the business has highlighted that grant funding sources which TSELF has historically relied upon are no longer available, and that access to new sources of affordable wholesale funding are very limited. The Trustees have, therefore, decided that TSELF should focus on managing its existing portfolio through to conclusion. Accordingly, we are in the process of restructuring all debts with the support of our banking partners Barclays and RBS Micro Finance. Following the year end Rolls Royce and AMEC have converted their outstanding loans to grants totalling £80,000, for which we thank them. As we complete the restructuring, we are also working with management and the BII Board to identify suitable strategic options for TSELF which are in-keeping with the organisation's mission and ethos. We intend to complete the strategic options assessment over the next twelve months.

I would like to thank my fellow Trustees, the BII board, and all staff for their hard work and dedication, particularly during this period of restructuring. And on behalf of everyone at TSELF, I would like to thank our various partners, especially our banking partners, for their ongoing support.

Sincerely,



P. Jamal  
Chairman  
3 March 2016

---

# Charitable Activities

## Summary of Objectives & Achievements

Our mission is to provide loan financing to sustainable social enterprise and charities that tackle poverty and inequality. To achieve this mission we have four main objectives.

### Lead the way

We aim to:

Be one of the leading providers of loan finance to organisations having a major social impact on their communities.

Social enterprises and charities form a growing sector of the economy and many need loan finance to support that growth.

What we achieved:

In the year to March 2015, we made £1,023,575 of new loans because of delays in receipt of new funding.

### Support deprived areas

We aim to:

Have the majority of our loans supporting clients who operate in very deprived areas.

Social Enterprises and Charities operating in the most deprived parts of the Country have a positive impact on their communities.

What we achieved:

67% of new loans are to organisations operating in one of the 25% most deprived boroughs or wards in England.

### Lend responsibly

We aim to:

Ensure that borrowing is the right option for our potential clients.

We believe that giving good advice is a key part of our activities.

What we achieved:

We currently have seven clients where we believe full repayment of their loans may not be achieved (2014 11 clients).

### Work in Partnership

We aim to:

Have a "Partnership" relationship between our clients and our Regional Managers.

We maintain regular contact with all our clients, helping them to build a sustainable business.

What we achieved:

Close relationships with social enterprises and support organisations in the regions where we operate

The Trustees have paid due regard to the guidance from the Charities Commission on public benefit in deciding what activities the charity should undertake.

THE SOCIAL ENTERPRISE LOAN FUND  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2015

REPORT OF THE BOARD OF TRUSTEES – CHARITY NUMBER - 1042514

---

The Board of Trustees present their report together with the audited financial statements for the year ended 31 March 2015.

**OBJECTIVES & ACTIVITIES**

The Social Enterprise Loan Fund was established in 1994 and was originally known as The Local Investment Fund. The Objectives of the Charity are to promote charitable purposes by the provision of grants, financial loans and other assistance. Our clients are charities, and social enterprises with charitable purposes, who find it difficult to borrow money from the main high street lenders.

We will consider loan financing requests from charities and social enterprises throughout England but we concentrate our efforts onto organisations which have a high social impact on their communities because they are based in the 25% most deprived wards and boroughs in England and engaged in one of the following activities:

- The advancement of education, training and retraining especially among the unemployed.
- The provision of work experience to the unemployed.
- The advancement of education and training in setting up in business.
- The provision of recreational facilities.
- The relief of poverty, age or disability.

As a result, our clients have a significant impact on both jobs created and people trained for employment generally.

The main risk when lending money is that bad debts will be incurred. Every time we incur a bad debt it means that a charity or social enterprise has ceased trading and is insolvent thus depriving its community of the benefits previously provided. We do everything possible to minimise the risk of adversely affecting communities in that way.

To keep bad debts to a minimum:

- Before a loan application is formally considered, we spend time with each client examining their forecasts and budgets.
- We will lend only when we believe that the repayments are affordable for the borrower.
- To protect our own Reserves, we will take security when it is available.
- After the loan has been made, we will maintain contact with each client on a regular basis to ensure the business is on plan.

It is clear that the current, historically low level of interest rates, along with the on-going challenges of securing suitable funding for lending purposes, will make achieving that objective more difficult. In light of this, the board has directed and provided guidance to management to undertake a thorough strategic review, and to provide recommendations on the most viable strategies available to TSELF.



**THE SOCIAL ENTERPRISE LOAN FUND  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2015**

**REPORT OF THE BOARD OF TRUSTEES – CHARITY NUMBER - 1042514**

---

**GOING CONCERN**

As at the date of approval of these financial statements, the Trustees are of the opinion that the going concern basis of preparation of the financial statements of the company is appropriate. Since the balance sheet date, the Trustees of TSELF are in the final stages of renegotiating loan financing. The £50,000 Rolls Royce loan and the £40,000 Amec plc loan have been converted into grants.

In reaching this opinion the Trustees have considered the recent remediation plan approved by the board which includes renegotiating and restructuring creditor liabilities, and curtailing non-committed future investments and reducing the cost base. Whilst this plan is at an advance stage it is not yet finalised, but the Trustees expect to have sufficient cash flows to prepare these accounts on a going concern basis.

**GOVERNANCE AND DECISION MAKING**

The Social Enterprise Loan Fund is a company limited by guarantee that was incorporated in November 1994.

**DECISION MAKING PROCESSES**

The Social Enterprise Loan Fund Board of Trustees meets quarterly. Its key functions include:

1. Reviewing and guiding TSELF's corporate strategy, major plans of action, risk policy, annual budget and business plans; setting performance objectives; monitoring implementation and corporate performance; and overseeing major capital expenditures, acquisitions and divestitures.
2. Monitoring and managing potential conflicts of interest of management, Trustees and stakeholders, including misuse of corporate assets and abuse in related party transactions.
3. Ensuring the integrity of TSELF's accounting and financial reporting systems, including the independent audit, and that appropriate systems of control are in place, particularly systems for monitoring risk, financial control and compliance with the law.
4. Monitoring the effectiveness of the governance practices under which TSELF operates and making changes as needed and ensuring a formal and transparent Trustee nomination process.
5. Overseeing the process of disclosure and communication.

**TRUSTEES AND THEIR INTERESTS**

The Trustees who also serve as Board Directors during the year, and up to the date of signing the financial statements were:

Pyarali Jamal (Chair)  
Roger Hooley  
John Illingworth  
Nigel Kershaw  
Mohamed Omer

None of the Trustees have any beneficial interest in the company. Big Issue Invest Limited is the sole Corporate member of the Charity and has agreed to contribute £1m in the event of the charity being wound up.

None of the Trustees have any beneficial interest in the organisations that receive loan funding from The Social Enterprise Loan Fund.

THE SOCIAL ENTERPRISE LOAN FUND  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2015

REPORT OF THE BOARD OF TRUSTEES – CHARITY NUMBER- 1042514

---

**RECRUITMENT, INDUCTION & TRAINING OF TRUSTEES**

It is our clear policy that the TSELF Board of Trustees will have a suitable combination of experience and leadership necessary to support the effective provision of loan finance to charities and social enterprises. In particular we need individuals with experience in:

- Banking
- Financial and risk management
- Commercial law
- Marketing
- Social Enterprises
- Potential sources of new funds.

In addition, we endeavour to have an appropriate mix of gender, ethnic, and regional representation on the board to strengthen our ability to best understand relevant issues, and to identify and adopt suitable strategic responses. Big Issue Invest have the right to appoint up to four Trustees and another three are people who are independent of Big Issue Invest. Trustees who are employees of Big Issue Invest may continue in post until they end that employment. All other Trustees are appointed for a fixed three year term and may serve no more than three consecutive three year terms.

If we needed to recruit a new trustee to the Board, we would:

- Review what skills / expertise we most needed to recruit
- Draw up a "Job Description"
- Consider advertising the role / using trustee brokerage services
- Broaden the diversity of the Board so long as that is consistent with obtaining the right skills.
- Undertake appropriate background checks
- Ensure there are no legal or technical barriers to the appointment of the preferred individual.

Having selected the best individual, our induction and training process have actually included:

- Providing copies of our governing document (M&AA) and Policies & Procedures Manual
- Providing our latest Audited and Management Financial Statements
- Providing our current Plan
- Providing Minutes of recent Board Meetings
- Providing relevant Charity Commission publications including "The essential Trustee – what you need to know"
- Arranging a familiarisation programme that would include time with Chairman, Chief Executive, a Regional Fund Manager and at least one client.

**FINANCIAL REVIEW**

The only activity of the charity is the making of investments in social enterprises.

Incoming resources for the year were £115,182 and expenditure totalled £503,735.

A full analysis of our expenditure is given in Notes 3 & 4 under the headings of "Costs of generating voluntary income", "Direct charitable activities" and "Governance".

THE SOCIAL ENTERPRISE LOAN FUND  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2015

REPORT OF THE BOARD OF TRUSTEES – CHARITY NUMBER - 1042514

---

We ensure that our resources are closely focused onto looking after our existing clients and finding new organisations that need our support.

Despite the challenges of the current economic environment, our financial position is sound.

- We have taken a prudent approach to raising bad debt provisions when a loan is considered doubtful.

The 2015 financial statements have been drawn up for the year ended 31 March 2015 (2014: year ended 31 March 2014).

#### **RELATED PARTIES**

The Social Enterprise Loan Fund has entered into a management services agreement with Big Issue Invest (BII) under which BII carry out the day to day activities of the charity. In the year to 31 March 2015, the charity paid BII £257,863 (2014 £215,551) under this arrangement. The terms of the management services agreement including the annual budget are reviewed each year by three Trustees with no link to BII.

#### **RISK REVIEW**

The major risks, to which the charity is exposed, as identified by the Trustees, have been reviewed and systems or procedures have been established to manage those risks.

#### **RESERVES POLICY**

To aid transparency and to provide operational control, the Trustees apportion Unrestricted Funds between the General Fund and the Regions in which we operate.

TSELF's Unrestricted Funds include funds which have been loaned to enterprises and are expected to be repaid. TSELF also needs Unrestricted Funds to cover the management and administration costs without which the Charity could not function. Any "surplus" Reserves will be invested in financially viable Social Enterprises as soon as possible. The Trustees consider it prudent that Unrestricted Reserves should be sufficient to:

1. Continue to fund the loans that have already been drawn down or irrevocably committed, until such time as they are repaid;
2. Meet any new applications for funding support from regional funds that have been specifically designated for those regions by the Trustees; and
3. To cover one year's management and administration costs, net of expected investment income and discretionary expenditure.

The Trustees review the appropriateness of this policy annually.

At 31 March 2015, the level of Unrestricted Reserves required under this policy would have amounted to £160,816. The actual level of Unrestricted Reserves as at that date was £148,566.

At the 31 March 2015 the general fund together with a number of designated funds were in deficit, this reflects the fact that the costs of operating these funds often costs more than the income generated. General and designated funds are all unrestricted, and in aggregate are in a net asset position. The Trustees will review the designated funds in 2016 and expect to release all the designated funds to the general fund.

Surplus reserves are used to finance loans to social enterprises.

**THE SOCIAL ENTERPRISE LOAN FUND  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2015**

**REPORT OF THE BOARD OF TRUSTEES - CHARITY NUMBER - 1042514**

---

**INVESTMENT POLICY**

The Trustees have considered the requirements and purpose of the charity and consider it appropriate for the funds to be held as cash and / or short term instruments with banks approved by the Trustees. Changes to this investment policy would be decided upon by the Board of Trustees.

**FUNDING**

The Trustees are satisfied that the charity's assets are available and adequate to fulfil its obligations.

**COMMUNITY LOAN FUND LIMITED & LOCAL INVESTMENT FUND LIMITED**

The Community Loan Fund Limited is a dormant company of which The Social Enterprise Loan Fund is the sole Member. It has not traded since incorporation and does not have any assets or liabilities.

**STATEMENT OF TRUSTEES' RESPONSIBILITIES**

The Trustees (who are also directors of The Social Enterprise Loan Fund for the purposes of company law) are responsible for preparing the Report of the Board of Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

In so far as the Trustees are aware:

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

THE SOCIAL ENTERPRISE LOAN FUND  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2015

REPORT OF THE BOARD OF TRUSTEES – CHARITY NUMBER - 1042514

---

**INDEPENDENT AUDITORS**

Under Section 487 of the Companies Act 2006, PricewaterhouseCoopers LLP will be deemed to have been reappointed as Auditors 28 days after these financial statements were sent to the Member or 28 days after the latest date prescribed for filing financial statements with the Registrar, whichever is earlier.

**ADVISERS**

Details of advisers to TSELF are found in the front pages of these financial statements. This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

BY ORDER OF THE BOARD OF TRUSTEES

A handwritten signature in black ink, appearing to be 'J. Smith', written over a large, loopy circular flourish.

Chairman 3 March 2016

# ***Independent auditors' report to the members of The Social Enterprise Loan Fund***

---

## **Report on the financial statements**

---

### **OUR OPINION**

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2015 and of its outgoing resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

This opinion is to be read in the context of what we say in the remainder of this report.

### **WHAT WE HAVE AUDITED**

The financial statements, which are prepared by The Social Enterprise Loan Fund, comprise:

- the Balance sheet as at 31 March 2015;
- the Statement of financial activities (including income and expenditure account) for the year then ended;
- the Principal accounting policies; and
- the Notes to the financial statements, which include other explanatory information.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the trustees have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

### **WHAT AN AUDIT OF FINANCIAL STATEMENTS INVOLVES**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). 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 company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Trustees; and
- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Financial Statements 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 other matter prescribed by the Companies Act 2006**

---

In our opinion the information given in the Report of the Board of Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements.

# ***Independent auditors' report to the members of The Social Enterprise Loan Fund - Continued***

---

## **Other matters on which we are required to report by exception**

---

### **ADEQUACY OF ACCOUNTING RECORDS AND INFORMATION AND EXPLANATIONS RECEIVED**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

### **TRUSTEES' REMUNERATION**

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of Trustees' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

### **ENTITLEMENT TO EXEMPTIONS**

Under the Companies Act 2006 we are required to report to you if, in our opinion, the Trustees were not entitled to: prepare financial statements in accordance with the small companies' regime; take advantage of the small companies' exemption in preparing the Trustees' Annual Report; and take advantage of the small companies exemption from preparing a Strategic Report. We have no exceptions to report arising from this responsibility.

---

## **Responsibilities for the financial statements and the audit**

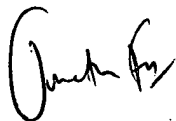
---

### **OUR RESPONSIBILITIES AND THOSE OF THE TRUSTEES**

As explained more fully in the Statement of Trustees' Responsibilities set out on page 8, the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

This report, including the opinions, has been prepared for and only for the charity's members and Trustees as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.



Jonathan Ford (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
3 March 2016

THE SOCIAL ENTERPRISE LOAN FUND – CHARITY NUMBER - 1042514  
 STATEMENT OF FINANCIAL ACTIVITIES  
 (INCLUDING INCOME AND EXPENDITURE ACCOUNT)

YEAR ENDED 31 MARCH 2015

		Unrestricted Funds	Designated Funds	Restricted Funds	Total Funds 2015	Total Funds 2014
	Note	General Fund				
		£	£	£	£	£
<b>Incoming resources</b>						
Incoming resources from generated funds:						
Voluntary income		-	-	-	-	76,209
Bank interest		16	466	395	877	642
Incoming resources from charitable activities	2	4,000	86,761	23,544	114,305	78,705
<b>Total incoming resources</b>		<b>4,016</b>	<b>87,227</b>	<b>23,939</b>	<b>115,182</b>	<b>155,556</b>
<b>Resources expended</b>						
Cost of generating funds	3	-	-	-	-	1,092
Charitable activities	4	5,732	360,857	123,700	490,289	349,285
Governance costs	3	292	9,646	3,507	13,445	12,492
<b>Total resources expended</b>		<b>6,024</b>	<b>370,503</b>	<b>127,207</b>	<b>503,734</b>	<b>362,869</b>
<b>Net outgoing resources before transfers</b>		<b>(2,008)</b>	<b>(283,276)</b>	<b>(103,268)</b>	<b>(388,552)</b>	<b>(207,313)</b>
<b>Transfers between funds</b>	10, 11	<b>(152,957)</b>	<b>172,271</b>	<b>(19,314)</b>	<b>-</b>	<b>-</b>
<b>Net expenditure for the year/ Net movements in funds</b>		<b>(154,965)</b>	<b>(111,005)</b>	<b>(122,582)</b>	<b>(388,552)</b>	<b>(207,313)</b>
Fund balances brought forward at 1 April 2014		88,824	325,714	643,308	1,057,846	1,265,159
<b>Fund balances carried forward at 31 March 2015</b>		<b>(66,141)</b>	<b>214,709</b>	<b>520,726</b>	<b>669,294</b>	<b>1,057,846</b>

All transactions arose from continuing operations in both the current and prior year.

All recognised gains and losses are included in the Statement of financial activities, in both the current and prior year.

There is no material difference between the net expenditure for the financial year stated above and their historical costs equivalents for the current and prior year.



THE SOCIAL ENTERPRISE LOAN FUND – CHARITY NUMBER - 1042514  
BALANCE SHEET AT 31 MARCH 2015

	Note	£	2015 £	2014 £
<b>Fixed assets</b>				
Programme related investments	7		1,485,487	1,075,056
Total fixed assets			1,485,487	1,075,056
<b>Current assets</b>				
Programme related investments	7	379,279		263,604
Debtors	6	36,095		44,144
Cash at bank and in hand		520,651		520,586
Total current assets		936,025		828,334
<b>Creditors: amounts falling due within one year</b>	8	(1,247,494)		(447,326)
<b>Net current (liabilities) / assets</b>			(311,469)	381,008
Total assets less current liabilities			1,174,018	1,456,064
<b>Creditors: amounts falling due after more than one year</b>	9	(504,724)		(398,218)
<b>Net assets</b>			<b>669,294</b>	<b>1,057,846</b>
<b>The Funds of the Charity</b>				
<b>Restricted income funds</b>			520,726	643,308
<b>Unrestricted income funds:</b>				
General fund	10	(66,141)		88,824
Designated funds	11	214,709		325,714
<b>Total unrestricted income funds</b>			148,568	414,538
<b>Total Charity Funds</b>	11		<b>669,294</b>	<b>1,057,846</b>

The financial statements have been prepared in accordance with the provisions of the Companies Act 2006 as applicable to small companies.

The financial statements on pages 12 to 21 were approved and signed on behalf of the Board of Trustees on 3 March 2016.



**P Jamal**  
**Chairman**

Company no 2995859

# THE SOCIAL ENTERPRISE LOAN FUND

## PRINCIPAL ACCOUNTING POLICIES

### BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The following policies, which have been consistently applied, are considered material in relation to the company's financial statements.

The financial statements have been prepared in accordance with United Kingdom applicable accounting standards, and follow the recommendations in the Statement of Recommended Practice: Accounting by Charities (the SORP) issued in 2005 together with the reporting requirements of the Companies Act 2006 and the Charities Act 2011 (for charities registered in England and Wales and dual registered companies). The financial statements have been prepared under the historical cost convention, and on a going concern basis. These financial statements cover the year ended 31 March 2015.

### GOING CONCERN

As at the date of approval of these financial statements the Trustees are of the opinion that the going concern basis of preparation of the financial statements of the company is appropriate. Since the balance sheet date, the Trustees of TSELF are in the final stages of renegotiating loan financing. The £50,000 Rolls Royce loan and the £40,000 Amec plc loan have been converted into grants.

In reaching this opinion the Trustees have considered the recent remediation plan approved by the board which includes renegotiating and restructuring creditor liabilities, and curtailing non-committed future investments and reducing the cost base. Whilst this plan is at an advance stage it is not yet finalised, but the Trustees expect to have sufficient cash flows to prepare these accounts on a going concern basis.

### PROGRAMME RELATED INVESTMENT LOANS AND PROVISION FOR BAD AND DOUBTFUL DEBTS

Investment loans are recognised in the accounts when funds are drawn by the client and interest on loans made is recognised on a receivable basis.

Specific provisions are made against loans when, as a result of regular appraisals of the assets, it is considered that recovery is doubtful. The specific provision is deducted from the current asset, Programme Related Investment. Provisions made during the year, less amounts released, are charged to the Statement of Financial Activities. The Trustees also consider each year if it is appropriate to make an additional reserve against those loans that are known to be higher risk but have not yet reached the point where default is considered probable

### GRANTS RECEIVED

All grants are credited to income on the earlier date of when they are received or when they are receivable, unless they relate to a specified future period, in which case they are deferred.

### INVESTMENT INCOME

Investment income, including associated tax recoveries, is recognised when receivable and is allocated against the fund that facilitated the investment.

### EXPENDITURE

Expenditure, which is charged on an accruals basis, is allocated between:

- expenditure incurred directly to the fulfilment of the charity's objectives (Charitable activities);
- expenditure incurred directly in the effort to raise voluntary contributions (Cost of generating voluntary income); and

## **THE SOCIAL ENTERPRISE LOAN FUND**

### **PRINCIPAL ACCOUNTING POLICIES**

- expenditure on the governance infrastructure which allows the charity to operate and to generate the information required for public accountability. This includes the strategic planning processes that contributes to future development of the charity. (Governance cost)

Within Governance Costs, staff cost is attributed based on an analysis of time spent on the various activities. Premises and sundry costs are allocated pro rata to staff time.

Items of expenditure involving more than one cost category are apportioned on an appropriate basis.

### **CASHFLOW STATEMENT**

The company has taken exemption under Financial Reporting Standard Number 1, as a small company, and not prepared a cash flow statement.

### **FUND ACCOUNTING**

Restricted funds are to be used for specific purposes laid down by the donor. Expenditure for those purposes is charged to the fund, together with a fair allocation of overheads, support costs and interest income.

Unrestricted funds are donations and other incoming resources received or generated for expenditure on the general objectives of the charity.

Designated funds are unrestricted funds which have been designated for specific purposes by the Trustees. Transfers between unrestricted funds are made to reflect the level of investments in each fund and to cover expected expenditure.

### **PENSION CONTRIBUTIONS**

The pension costs charged in the income and expenditure account are the contributions payable to personal pension schemes of members of the staff in respect of the accounting period.

### **TAXATION**

The charity is a registered charity, and as such is entitled to certain tax exemptions on income and profits from investments, and surpluses on any trading activities carried out in the furtherance of the charity's primary objectives, if these profits and surpluses are applied solely for charitable purposes.

THE SOCIAL ENTERPRISE LOAN FUND  
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2015

**1 VOLUNTARY INCOME**

Grants receivable during the year were £ nil (2014: £nil).

**2 INCOMING RESOURCES FROM CHARITABLE ACTIVITIES**

	Unrestricted Funds		Restricted Funds	Total Funds 2015	Total Funds 2014
	General Fund	Designated Funds			
	£	£	£	£	£
Arrangement fees	4,000	8,036	-	12,036	800
Loan interest	-	78,725	23,544	102,269	77,477
Other income	-	-	-	-	428
<b>Total income</b>	<b>4,000</b>	<b>86,761</b>	<b>23,544</b>	<b>114,305</b>	<b>78,705</b>

**3 ALLOCATION OF SUPPORT COSTS AND OVERHEADS**

	Direct charitable activities	Costs of generating voluntary income	Governance	Total 2015	Total 2014
	£	£	£	£	£
Staff costs	-	-	-	-	2,471
Premises and operational	469,360	-	(16)	469,344	221,580
Interest expense and bank charges	18,170	-	-	18,170	7,263
Marketing and advertising	1,428	-	-	1,428	576
Legal and other professional services	1,332	-	-	1,332	16,685
Audit fee	-	-	12,766	12,766	10,498
Trustees expenses	-	-	695	695	244
<b>Total</b>	<b>490,290</b>	<b>-</b>	<b>13,445</b>	<b>503,735</b>	<b>259,317</b>

No rent amount is included in the Premises & Operational costs above. (2014: £nil).

No remuneration was paid to Trustees nor any persons connected with them in the year (2014: £nil). Travel expenses of £695 (2014:£244) was paid during the year.

**4 ANALYSIS OF CHARITABLE ACTIVITIES**

	Staff costs	Other direct costs	Support costs Note 3	Total 2015	Total 2014
	£	£	£	£	£
<b>Investment in social enterprises:</b>					
Facilitation of loan financing	-	-	490,290	490,290	248,575

Staff costs relate purely to self employed individuals operating under contract.

THE SOCIAL ENTERPRISE LOAN FUND  
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2015

**5 TRUSTEES AND EMPLOYEES**

Employee costs during the year were nil (2014: nil) as these costs are included within Note 4 as per our master service agreement with BII.

The average monthly number of employees of the company during the year was nil (2014: nil)

No employee earned £60,000 per annum or more in the current or preceding year.

No Trustee received any remuneration in the current or preceding year.

Subsistence expenses of £695 (2014 : £244) were incurred on behalf of the Board of Trustees, for two Trustees.

**6 DEBTORS**

	2015 £	2014 £
Other debtors	-	1,428
Prepayments & accrued income	36,095	42,716
<b>Total</b>	<b>36,095</b>	<b>44,144</b>

**7 PROGRAMME RELATED INVESTMENTS**

	2015 £	2014 £
<b>Cost</b>		
At 1 April	1,543,750	1,576,806
Additions	1,023,575	199,482
Repayments and disposals	(403,108)	(232,538)
<b>At 31 March</b>	<b>2,164,217</b>	<b>1,543,750</b>
<b>Provisions</b>		
At 1 April	205,090	189,490
Charge for the year	114,361	56,622
Disposals	(20,000)	(41,022)
<b>At 31 March</b>	<b>299,451</b>	<b>205,090</b>
<b>Net book amount at 31 March</b>	<b>1,864,766</b>	<b>1,338,660</b>

Programme related investments are repayable in the following manner:

	2015 £	2014 £
Within one year	379,279	263,604
After one and within two years	309,717	150,954
After two and within five years	594,370	312,506
After five years	581,400	611,596
<b>Total Investments</b>	<b>1,864,766</b>	<b>1,338,660</b>

Programme related investments repayable within one year are included within current assets. The Trustees believe that the carrying value of the investments is supported by their underlying net assets. The Trustees consider investments which represent more than 10% of the gross portfolio to be material. There are no individually material investments held.

THE SOCIAL ENTERPRISE LOAN FUND  
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2015

**8 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>2015</b> <b>£</b>	<b>2014</b> <b>£</b>
Bank loans and overdrafts	500,300	200,300
Other creditors	211,129	127,528
Deferred grant	515,000	98,000
Accruals	21,065	21,498
<b>Total</b>	<b>1,247,494</b>	<b>447,326</b>

**9 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	<b>2015</b> <b>£</b>	<b>2014</b> <b>£</b>
Bank Loans	504,724	98,218
Other Loans	-	300,000
<b>Total</b>	<b>504,724</b>	<b>398,218</b>

Borrowings are repayable as follows:

	<b>2015</b> <b>£</b>	<b>2014</b> <b>£</b>
After one and within two years	125,000	300,000
After two and within five years	379,724	98,218
<b>Total</b>	<b>504,724</b>	<b>398,218</b>

THE SOCIAL ENTERPRISE LOAN FUND  
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2015

10 GENERAL FUND

	At 1 April 2014 £	Transfers £	Incoming £	Outgoing £	At 31 March 2015 £
General Fund	88,824	(152,957)	4,016	(6,024)	(66,141)

11 DESIGNATED FUNDS

	At 1 April 2014 £	Transfers £	Incoming £	Outgoing £	At 31 March 2015 £
<b>Community Loan Fund</b>					
Regional growth Fund	(202)	97,145	39,765	(142,103)	(5,395)
East Midlands	5,187	(11,976)	1,934	(13,595)	(18,450)
Merseyside	2,443	1,024	1,621	(17,001)	(11,913)
North East	67,151	18,836	7,124	(121,519)	(28,408)
North West	180,588	93,949	25,412	(58,812)	241,137
South East	70,721	(18,731)	8,362	(11,334)	49,018
South West	(174)	(7,976)	3,009	(6,139)	(11,280)
<b>Total</b>	<b>325,714</b>	<b>172,271</b>	<b>87,227</b>	<b>(370,503)</b>	<b>214,709</b>

Designated funds are unrestricted funds which have been designated for specific purposes by the Trustees. Transfers between unrestricted funds are made to reflect the level of investments in each fund and to cover expected expenditure.

RESTRICTED FUNDS

	At 1 April 2014 £	Transfers £	Incoming £	Outgoing £	At 31 March 2015 £
<b>Community Loan Fund</b>					
Advantage	236,631	-	10,396	(26,274)	220,753
Merseyside	-	-	-	-	-
North East	22,356	-	-	(22,356)	-
North West	384,321	(19,314)	13,543	(78,577)	299,973
<b>Total</b>	<b>643,308</b>	<b>(19,314)</b>	<b>23,939</b>	<b>(127,207)</b>	<b>520,726</b>

	At 1 April 2014 £	Transfers £	Incoming £	Outgoing £	At 31 March 2015 £
<b>Total</b>					
<b>All Funds</b>	<b>1,057,846</b>	<b>-</b>	<b>115,182</b>	<b>(503,734)</b>	<b>669,294</b>

The purpose of each Community Loan Fund is to provide assistance in contributing to the regeneration of deprived areas of England.

THE SOCIAL ENTERPRISE LOAN FUND  
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2015

12 ANALYSIS OF NET ASSETS BETWEEN FUNDS

<b>Community Loan Fund</b>	<b>Current assets £</b>	<b>Programme related investments £</b>	<b>Current liabilities £</b>	<b>Long term liabilities £</b>	<b>Net assets £</b>
General Fund	53,269	48,501	(167,911)	-	(66,141)
<b>Designated Funds</b>					
Regional growth fund	75,185	924,144	(500,000)	(504,724)	(5,395)
East Midlands	7,898	(3,033)	(23,315)	-	(18,450)
Merseyside	3,366	9,698	(24,977)	-	(11,913)
North East	36,606	56,231	(121,245)	-	(28,408)
North West	160,859	289,501	(209,223)	-	241,137
South East	7,065	107,428	(65,475)	-	49,018
South West	4,315	38,753	(54,348)	-	(11,280)
<b>Total designated funds</b>	<b>295,294</b>	<b>1,422,722</b>	<b>(998,583)</b>	<b>(504,724)</b>	<b>214,709</b>
<b>Total unrestricted funds</b>	<b>348,563</b>	<b>1,471,223</b>	<b>(1,166,494)</b>	<b>(504,724)</b>	<b>148,568</b>
<b>Restricted Funds</b>					
Advantage	49,281	171,472	-	-	220,753
North East	-	-	-	-	-
North West	158,902	222,071	(81,000)	-	299,973
<b>Total restricted funds</b>	<b>208,183</b>	<b>393,543</b>	<b>(81,000)</b>	<b>-</b>	<b>520,726</b>
<b>Overall total</b>	<b>556,746</b>	<b>1,864,766</b>	<b>(1,247,494)</b>	<b>(504,724)</b>	<b>669,294</b>



**THE SOCIAL ENTERPRISE LOAN FUND  
NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 MARCH 2015**

**13 OTHER FINANCIAL COMMITMENTS & OPERATING LEASES**

As at 31 March 2015, the charity did not have any offers outstanding in respect of new investment loans (2014: nil).

**14 GRANT PAYMENTS**

The Social Enterprise Loan Fund does not, in the usual course of its business, make grants to social enterprises or to charities

**15 LIABILITY OF MEMBERS**

The liability of members is limited. In the event of the company being wound up during a member's period of membership, or within a year afterwards, an amount not exceeding £1 may be required from that member towards the payment of debts and liabilities of the company incurred before membership ceased. As at 31 March 2015 the company had 1 member (31 March 2014 : 1), Big Issue Invest Limited.

**16 RELATED PARTY TRANSACTIONS**

During the year, the Company paid management fees of £257,863 (2014: £215,551) to its corporate member company Big Issue Invest Limited. At the year-end the Company owed Big Issue Invest Limited £130,129 (2014: £45,810).