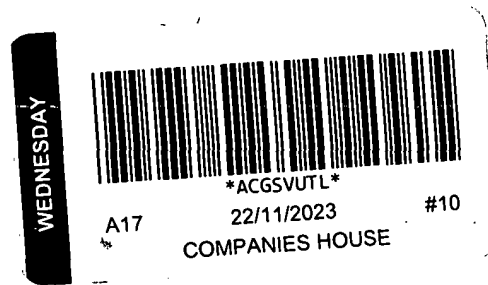


Company Registration No. 05066676 (England and Wales)

FUTUREBUILDERS ENGLAND LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2023



FUTUREBUILDERS ENGLAND LIMITED

COMPANY INFORMATION

Directors	Robert Benfield Genevieve Maitland-Hudson Nicolas Temple Shelby Bradley
Secretary	Nishit Chikhlia
Company number	05066676
Registered office	CAN Mezzanine, 7 - 14 Great Dover Street London SE1 4YR
Auditor	RSM UK Audit LLP Chartered Accountants 25 Farringdon Street London EC4A 4AB United Kingdom

FUTUREBUILDERS ENGLAND LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2023

The directors present their annual report and financial statements for the year ended 31 March 2023.

Objectives and activities

Futurebuilders England Limited (FBE) operates within the vision, mission and objectives of its ultimate parent, Social Investment Business Foundation (SIBF).

The objective that we set ourselves for the year 2022/23 was to ensure that the Futurebuilders and Modernisation Funds were run as effectively as possible in the year ahead. We were committed to maximising returns back to the Department for Digital, Culture, Media and Sport (DCMS), to best support the organisations in the portfolio, and to sharing the lessons that we have learnt in managing the Fund.

Although FBE is not a charity, the directors consider that the Charities Statement of Recommended Practice (SORP) provides the best framework under which the Directors' Report should be framed.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Robert Benfield

Genevieve Maitland-Hudson

Nicolas Temple

Deborah Smart

Shelby Bradley

(Resigned 5 July 2022)

(Appointed 8 September 2022)

Qualifying third party indemnity provisions

The company has made qualifying third party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date.

How did we do?

By the year end, 74% of the loans made had been repaid, a total of £92m to date. With total write offs and provisions running at 17%, management of the Futurebuilders and Modernisation Funds has continued to outperform the original KPI of 25%.

Future Developments

As noted in previous reports, the Directors of FBE are committed to ensuring that the Futurebuilders and Modernisation Funds continue to be run as effectively as possible in the year ahead, while maximising returns for the DCMS. This financial year was the second of three in which SIB are also sharing findings from the performance of the Funds, under a Learning & Evaluation contract agreed with DCMS. Data and learning from this work is already being shared with government and other key stakeholders in the sector.

FUTUREBUILDERS ENGLAND LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

Main strategic risks

The risks of FBE are managed as part of the overall risk management within the SIB group of companies. SIB maintains a risk register which identifies the key strategic risks facing the organisation. This register is a working document and is discussed and reviewed at regular Executive Group meetings and by both the Audit and Finance Committee and Joint Board. The risk register is updated to reflect operational and financial developments, strategic objectives and changes in the external environment. Each risk is analysed according to its perceived potential impact, likelihood of occurrence together with actions that have or will be taken in mitigation.

At the time of the publishing of this report, the risk register listed SIB Group's seven main areas of concern. Of these risks, those relevant to FBE are primarily in the following areas:

- Performance of FBE funds are mitigated by clear provisions policy
- IT & business systems infrastructure are mitigated by SIB Ltd ownership at senior level, clear strategic systems plan
- Having a highly motivated and skilled management team is mitigated by the SIB Ltd dedicated people strategy, including culture and structure

With regard to fund performance, the remaining portfolio has been affected by the Coronavirus pandemic which occurred at the end of this financial year. The full impact on the investees in the portfolio from the short-term lockdown and the medium-to-long term recession and recovery remains to be seen.

The directors are satisfied that there are procedures in place commensurate with these key risks to prevent or manage their effects. These procedures include the active monitoring and updating of control systems and procedures to ensure we are managing and taking appropriate action. Where appropriate, financial provision will be made on the balance sheet, reserves set aside, or financial plans updated.

Structure, governance and management

a) Background and legal structure

FBE is a private company limited by guarantee which has The Social Investment Business Loans Limited (SIBL) as its sole member.

SIBL is a private company limited by guarantee and Social Investment Business Foundation (SIBF) is the ultimate parent company, a charity and company limited by guarantee.

b) Governance and decision making

FBE's articles of association outline the governance structures and procedures for the company. In addition, SIBL holds a governance and supervisory role over FBE with several reserved matters being referred to the SIBL board.

During the year under review, the Group Audit and Finance Committee had responsibility to oversee the governance of FBE.

It is the Group's policy that the Executive Directors will have the combination of skills necessary to manage the Funds effectively and run a sustainable organisation efficiently and effectively whilst being true to the organisation's values.

The Executive Directors during the year are listed below:

Nicolas Temple	Chief Executive
Nishit Chikhliia	Director of Finance
Robert Benfield	Director of Investment
Genevieve Maitland Hudson	Director of Learning & Influence
Shelby Jane Bradley	Director of People & Values

FUTUREBUILDERS ENGLAND LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

c) Public benefit statement

Although FBE is not a charity, the Directors of FBE have considered the Charity Commission's general guidance on public benefit when reviewing our aims and objectives and in planning our future activities. This is in light of the social purpose of the FBE Fund, and of the charitable nature of FBE's sole member. We are mindful of the need to ensure that all funds and activities will deliver public benefit and help us to meet our aims and objectives and are also taking account of Charity Commission guidance around non-charitable organisations. As explained in Note 1 to the Financial Statements, these have been prepared in accordance with the Accounting and Reporting by Charities: Statement of Recommended Practice (effective 1 January 2019).

FINANCIAL REVIEW

Going concern

The Directors have reviewed the forecasts for the company, covering a period of 12 months from the date of signing these financial statements.

Fortunately, across the portfolio, a cautious provisioning position has been taken to ensure any future risk is mitigated, and investee performance is monitored at quarterly investment committee meetings.

Based on these worst-case assumptions, the company is anticipated to have sufficient cash resources for at least 12 months following the date of signing these financial statements. As a result, the Directors have not identified any material uncertainties and therefore consider it appropriate for the accounts to be prepared on a going concern basis.

This year's activity

The assets remaining in FBE relate to the Futurebuilders and Modernisation Funds (loans, interest receivable and cash). The reserves in FBE as at 31 March 2023 amounted to £12.0m (2022: £17.9m). Cash and investments in FBE as at 31 March 2023 were £1.4m (2022: £5.5m) and £10.8m (2022: £12.5m) respectively. During the year, £7m of recycled funds have been repaid to the DCMS (2022: £534k) as part of the annual review.

The total capital provision on the funds stood at £5.5m (2022: £10.7m) including a £0.4m (2022: £0.7m) risk calibrated provision and £5.1m (2022: £10.1m) relating to specific investees. During the year, no write offs were recorded (2022: nil with value £nil).

Reserves

FBE's reserves at the year-end, treated as restricted, were £12.0m (2022: £17.9m).

Decisions on the appropriate sustainable levels of reserves will be informed by a combination of short-term working capital requirements, projected levels of operating costs, estimates of contract exit costs and availability of funds for new business development. Reserves are held in cash.

Treasury investment policy

SIBF and the Group operate a Treasury Management Policy, based on five key criteria of Security, Business Needs, Ethical, Influence and Returns. Applying these criteria means that investments are protected, access is facilitated, funds are used to support social or environmental benefit, and SIB builds relationships in the sector and influences banking attitudes to social enterprise.

Accordingly, FBE has a number of bank accounts across which funds are deposited to spread risk.

Auditor

The auditor, RSM UK Audit LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, each director has taken all the necessary steps that they ought to have taken as a director in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

FUTUREBUILDERS ENGLAND LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

Small companies exemption

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

On behalf of the board



.....
Nicolas Temple
Director

Date:27.09.2023.....

FUTUREBUILDERS ENGLAND LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 MARCH 2023

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the 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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FUTUREBUILDERS ENGLAND LIMITED

Opinion

We have audited the financial statements of Futurebuilders England Limited (the 'company') for the year ended 31 March 2023 which comprise the income statement, the statement of financial position, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2023 and of its deficit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FUTUREBUILDERS ENGLAND LIMITED (CONTINUED)

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption from the requirement to prepare a strategic report or in preparing the directors' report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the company operates in and how the company is complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FUTUREBUILDERS ENGLAND LIMITED (CONTINUED)

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, Charities SORP (FRS 102), the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures, inspecting correspondence with local tax authorities and evaluating advice received from external tax advisors.

The audit engagement team identified the risk of management override of controls as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business and challenging judgments and estimates.

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

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RSM UK Audit LLP

Nicholas Sladden (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
25 Farringdon Street
London
EC4A 4AB
United Kingdom
28 September 2023

FUTUREBUILDERS ENGLAND LIMITED

STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)

FOR THE YEAR ENDED 31 MARCH 2023

	Notes	Restricted funds 2023 £'000	Restricted funds 2022 £'000
Income from:			
Charitable activities	3	466	218
Total income		466	218
Expenditure on:			
Charitable activities	4	404	667
Repayment to DCMS	4	7,000	534
Total expenditure		7,404	1,201
Investment provision decrease	8	(1,214)	(640)
Net expenditure before taxation		(5,724)	(343)
Tax on loss	7	(242)	(41)
Net movement in funds		(5,966)	(384)
Reconciliation of funds			
Funds balance brought forward as 1 April	11	17,946	18,330
Funds balance carried forward as 31 March	11	11,980	17,946

The notes on pages 12 to 23 form part of these financial statements.

FUTUREBUILDERS ENGLAND LIMITED**STATEMENT OF FINANCIAL POSITION****AS AT 31 MARCH 2023**

		2023	2022
	Notes	£'000	£'000
Fixed assets			
Investments	8	10,847	12,533
Current assets			
Debtors	9	38	27
Cash at bank and in hand		1,420	5,484
		<u>1,458</u>	<u>5,511</u>
Creditors: amounts falling due within one year	10	<u>(325)</u>	<u>(98)</u>
Net current assets		1,133	5,413
Total assets less current liabilities		<u>11,980</u>	<u>17,946</u>
The funds of the company			
Restricted income funds	11	<u>11,980</u>	<u>17,946</u>

The notes on page 12 to 23 form part of these financial statements.

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved by the board of directors and authorised for issue on 27.09.2023 and are signed on its behalf by:



.....
Nicolas Temple
Director



.....
Robert Benfield
Director

FUTUREBUILDERS ENGLAND LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2023

		2023		2022	
	Notes	£'000	£'000	£'000	£'000
Cash flows from operating activities					
Cash used in operations	13		(7,401)		(1,274)
Income taxes paid			(35)		-
Net cash outflow from operating activities			(7,436)		(1,274)
Investing activities					
Investment income		466		218	
Repayment of financial investments		2,906		4,666	
Net cash generated from investing activities			3,372		4,884
Net (decrease)/increase in cash and cash equivalents			(4,064)		3,610
Cash and cash equivalents at beginning of year			5,484		1,874
Cash and cash equivalents at end of year			1,420		5,484

FUTUREBUILDERS ENGLAND LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

Company information

Futurebuilders England Limited is a private company limited by guarantee and is registered and incorporated in England and Wales. The registered office is CAN Mezzanine, 7 - 14 Great Dover Street, London, SE1 4YR.

The company's principal activities and nature of its operations are disclosed in the Directors' Report.

Accounting convention

The company is a not for profit organisation and its achievements cannot be measured by normal commercial criteria alone. In order that a true and fair view is presented in these financial statements, they have been prepared in accordance with "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019)" and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £'000.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

The company is a public benefit entity as defined by FRS 102.

Going concern

The Directors have reviewed the forecasts for the company, covering a period of 12 months from the date of signing these financial statements.

Fortunately, across the portfolio, a cautious, yet realistic provisioning position has been taken to ensure any future risk is mitigated, and investee performance is monitored at quarterly investment committee meetings.

The company is anticipated to have sufficient cash resources for at least 12 months following the date of signing these financial statements. As a result, the Directors have not identified any material uncertainties and therefore consider it appropriate for the accounts to be prepared on a going concern basis.

Turnover

All income is included in the Statement of Financial Activities when the company is legally entitled to the income, *the likelihood of receipt is probable and the amount can be measured reliably.*

Investment income including associated tax, is recognisable when receivable.

Investments offered to investees but not yet requested as a draw down from the funding authority at the balance sheet date are disclosed as contingent assets.

Grant income is recognised when the company has entitlement to the funds, any conditions of receipt have been met, it is probable that the income will be received, and the amount can be measured reliably. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

Expenditure

Expenditure is recognised as soon as there is a legal or constructive obligation committing the company to the expenditure. Expenditure is recognised on an accruals basis in the period in which it is incurred. Expenditure includes attributable VAT when this cannot be recovered.

FUTUREBUILDERS ENGLAND LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies (Continued)

Fund accounting

The company's funds are treated as restricted funds as they are to be used for specific purposes either laid down by the funder or specified in each agreement for the benefit of identified beneficiaries.

Financial investments

Financial investment loans, equivalent to mixed motive related investments, are recognised at the point of the disbursement under the conditions set out in the loan agreement with the investee. Loans offered and communicated but not disbursed to the investee at the Balance Sheet date are disclosed as contingent liabilities. Loans offered to potential investees, not requested as drawdown from the Fund provider at the Balance Sheet date, are disclosed as contingent assets.

Financial investment loans are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. Each year, the Directors consider the recoverable amount of each outstanding loan and make provisions for impairment based on a formal assessment carried out by management. Provisions for impairment are taken to the Statement of Financial Activities.

It is the opinion of the Directors that cost less provision for impairment represents the best estimate of the carrying value of the loans as at the Balance Sheet date.

Provisions on financial investment loans

An assessment is made at each reporting date of whether there are indications that a financial investment loan may be impaired or that an impairment loss previously recognised has fully or partially reversed. If such indications exist, the company estimates the recoverable amount of the asset.

Specific provisions are made against individual loans when, as a result of frequent monitoring and review by the Investment Committee, it is considered that an impairment indicator exists. After taking account of these specific provisions, a risk calibrated approach to the investment book, based on an assessment of the economic outlook for the investee group, results in a further provision being made to the financial investments. Impairments made during the year, less amounts released, are charged to the Statement of Financial Activities and are netted off against financial investment loans in the Balance Sheet.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the Statement of Financial Activities.

Concessionary loans

Concessionary loans are initially measured at the amount paid. In subsequent years, the carrying amount of concessionary loans is adjusted to reflect any interest receivable, where relevant.

Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

FUTUREBUILDERS ENGLAND LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies (Continued)

Basic financial assets

Basic financial assets, which include financial investment loans and investee interest receivable, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost being the transaction price less any amounts settled and impairment losses.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, which include amounts owed to group undertakings, are initially recognised at transaction price and subsequently measured at amortised cost, being transaction price less any amounts settled.

Equity instruments

Equity instruments issued by the company are recorded at the fair value of proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

Taxation

Corporation tax expense comprises both current tax and deferred tax and is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Current tax is the amount of income tax payable based on the taxable profit for the current year, plus any adjustments to corporation tax payable in respect of prior years.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences or tax losses can be utilised.

FUTUREBUILDERS ENGLAND LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

2 Judgements and key sources of estimation uncertainty

Preparation of the financial statements requires management to make significant judgements and estimates. Estimates and judgements are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

The company makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The Directors have identified that the estimates and assumptions that have a significant risk of causing a material adjustment to the carrying value of assets and liabilities within the next financial year are as follows:

Financial investment loans - provisions for impairment

Provisions for impairment as set out in note 8 are made based on a formal review carried out by management which focuses on a range of factors. In respect of financial investment loans, the amount of risk calibrated provision applied to the financial investments this financial year is £452k (2022: £699k).

Principal vs. agent judgement

The contracts dated 1 April 2011 between Cabinet Office and SIBL and between Cabinet Office and FBE to manage the funds advanced by Cabinet Office to FBE expired on 31 March 2013. Those contracts expressly stated that FBE was acting as principal and on this basis, and taking into account the substance of the relationship with Cabinet Office, the assets and liabilities of FBE were fully consolidated in the accounts of the Group at 31 March 2013 and previous years and the monies advanced by Cabinet Office were treated as restricted funds.

This contract was replaced by a new contract between SIBL and Cabinet Office which ran from 1 April 2013 to 31 March 2016. Although there are some differences between the previous contract and the new contract the governance arrangements, and the substance of the relationship between SIBL and Cabinet Office with regard to the management of these funds, remain largely unchanged, with the contract extended to March 2026.

In particular, Cabinet Office has advised that, in its opinion, FBE continues to act as principal under the contract and the contract specifically states that FBE "will hold the assets and liabilities of the fund on its Balance Sheet" although the new contract does not have an express statement confirming that FBE acts as principal not as agent.

However, the directors agree with the stance taken by Cabinet Office on the basis that FBE has discretion over whom funds are distributed to. In addition, all loan agreements are between FBE and the investee and not with the DCMS. In all these circumstances, the assets and liabilities of FBE continue to be fully consolidated in the Group's accounts at 31 March 2023 and the monies advanced by Cabinet Office continue to be treated as restricted funds.

However, under the new contract, the Cabinet Office:

- has the right to terminate the contract at any time by giving at least three months' notice;
- will be given control of FBE for no consideration at the end of such notice period; and
- can require FBE to "deal with the Funds in the manner directed by Cabinet Office".

If the above were to occur, there would be a change in the nature of the relationship with Cabinet Office and in the substance of the agreement with SIBL. In such circumstances, the Group would immediately recognise in its accounts:

- a disposal of a subsidiary undertaking for no consideration should Cabinet Office serve notice to terminate the contract; or
- a liability should Cabinet Office make a request for funds to be returned to them.

The Futurebuilders contract with the Cabinet Office was transferred to DCMS during 2016/17.

FUTUREBUILDERS ENGLAND LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

3 Total income

	2023 £'000	2022 £'000
Total income by fund:		
Futurebuilders Fund	466	218
	<u>466</u>	<u>218</u>
Total income by nature:		
Interest on investments	449	218
Interest on bank deposits	17	-
	<u>466</u>	<u>218</u>

Investment income relates to loan interest receivable on the Futurebuilders Fund. Loans disbursed under the Modernisation Fund were at zero percent interest.

4 Fund costs

	2023 £'000	2022 £'000
Fund management fee	404	667
	<u>404</u>	<u>667</u>

As requested by the DCMS, under the Futurebuilders and Modernisation Funds, cash received in respect of interest payments on financial investment loans has been utilised as part payment towards the fund management fee due to FBE, and to pay any corporation tax arising on the Funds. This is shown as a cost to the restricted fund.

	2023 £'000	2022 £'000
Repayment to DCMS	7,000	534
	<u>7,000</u>	<u>534</u>

FUTUREBUILDERS ENGLAND LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

4 Fund costs (Continued)

Investment provisions/write-offs in the year

	2023	2022
	£'000	£'000
Write offs:		
Capital	3,937	-
Interest	292	-
	<u>4,229</u>	<u>-</u>
Provisions:		
Capital	(5,157)	(600)
Interest	(286)	(40)
	<u>(5,443)</u>	<u>(640)</u>
	<u>(1,214)</u>	<u>(640)</u>

5 Auditor's remuneration

The audit fee is borne by the parent company, The Social Investment Business Limited (SIBL).

6 Staff costs and expenses

The company had no employees during the current or prior year. No directors received any remuneration, nor were they reimbursed any expenses in the current or prior year.

7 Taxation

FBE is not subject to corporation tax on Fund income on drawn down requests relating to financial investment loans to Civil Society Organisations. Corporation tax is chargeable to the restricted fund where it relates to loan interest received and is borne by the Fund. Corporation tax relating to interest accrued is borne by FBE and is included as a charge against the management fee.

Any tax-adjusted surplus arising in the company on the payment it receives to cover operational and management costs will be taxable. The tax charge arising on the payment received to cover operational and management costs differs from the surplus/deficit on that payment as follows:

FUTUREBUILDERS ENGLAND LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

7 Taxation (Continued)

	2023 £'000	2022 £'000
Deficit before taxation	(5,724)	(343)
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2022: 19.00%)	(1,088)	(65)
Tax effect of expenses that are not deductible in determining taxable income	1,331	101
Change in unrecognised deferred tax assets	(1)	-
Adjustments in respect of prior years	-	6
Effect of change in corporation tax rate	-	(1)
Taxation charge for the year	242	41

8 Fixed asset investments

Investments are in the form of loans and guarantees and are programme related.

The directors believe that the carrying value of the investments is supported by their underlying assets.

	2023 £'000	2022 £'000
Financial investment loans	10,847	12,533

Movements in fixed asset investments

	Financial investment loans £'000
Carrying value	
At 1 April 2022	12,533
Repayments received (including guarantees repaid)	(2,906)
Decrease in provisions	5,157
Loan written off	(3,937)
At 31 March 2023	10,847

FUTUREBUILDERS ENGLAND LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

8 Fixed asset investments (Continued)

Maturity of loans and advances:	2023 £'000	2022 £'000
Within 1 year	1,119	2,040
Between 1 and 5 years	7,316	5,679
More than 5 years	2,412	4,814
	<u>10,847</u>	<u>12,533</u>

All investments are UK based. Investments are based on agreements ranging in length from 1 to 27 years with interest rates of up to 7.9%.

Investment provisions (capital and interest):

	2023 £'000 Capital	2023 £'000 Interest	2022 £'000 Capital	2022 £'000 Interest
Provisions brought forward	10,683	302	11,283	342
Decrease in provisions	(5,157)	(286)	(600)	(40)
Provisions carried forward	<u>5,526</u>	<u>16</u>	<u>10,683</u>	<u>302</u>

During the year, there was no additional specific provision made (2022: £Nil). Specific provisions were released across 16 loans totalling £4.91m (2022: £0.41m, 10 loans). In addition to this, a risk calibrated provision reduction of £247k was made (2022: £194k). £3,937 was due to the write off of a loan that was fully provided.

9 Debtors

Amounts falling due within one year:	2023 £'000	2022 £'000
Accrued income	38	27
	<u>38</u>	<u>27</u>

10 Creditors: amounts falling due within one year

	2023 £'000	2022 £'000
Amounts owed to group undertakings	83	63
Corporation tax	242	35
	<u>325</u>	<u>98</u>

FUTUREBUILDERS ENGLAND LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

11 Movement in restricted funds

Current year

	Balance at 1 April 2022	Investment income	Expenditure including tax	Balance at 31 March 2023
	£'000	£'000	£'000	£'000
Futurebuilders Fund	17,946	466	(6,432)	11,980
Modernisation Fund	-	-	-	-
	<u>17,946</u>	<u>466</u>	<u>(6,432)</u>	<u>11,980</u>

Prior year

	Balance at 1 April 2021	Investment income	Expenditure including tax	Balance at 31 March 2022
	£'000	£'000	£'000	£'000
Futurebuilders Fund	18,330	218	(602)	17,946
Modernisation Fund	-	-	-	-
	<u>18,330</u>	<u>218</u>	<u>(602)</u>	<u>17,946</u>

The Futurebuilders Fund provides loan financing, often combined with grants and professional support, to civil society organisations in England that need investment to help them bid for, win and deliver public service contracts. This Fund is closed for new applications.

The Modernisation Fund provided interest-free loans (with the exception of 3SC) to help organisations be more resilient to the impact of the economic downturn. All loans issued have been fully provided at the reporting date. This Fund is closed for new applications.

FUTUREBUILDERS ENGLAND LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

12 Analysis of net assets between funds

	Restricted funds		Total
	Futurebuilders Fund £'000	Modernisation Fund £'000	£'000
Current year			
Debtors	38	-	38
Cash at bank	1,420	-	1,420
Financial investments	10,847	-	10,847
Current liabilities	(325)	-	(325)
	<u>11,980</u>	<u>-</u>	<u>11,980</u>

	Restricted funds		Total
	Futurebuilders Fund £'000	Modernisation Fund £'000	£'000
Prior year			
Debtors	27	-	27
Cash at bank	5,484	-	5,484
Financial investments	12,533	-	12,533
Current liabilities	(98)	-	(98)
	<u>17,946</u>	<u>-</u>	<u>17,946</u>

13 Cash used in operations

	2023 £'000	2022 £'000
Net expenditure after taxation	(5,966)	(384)
Adjustments for:		
Taxation charged	242	41
Investment income and bank interest received	(466)	(218)
Decrease in capital investment provisions	(1,220)	(600)
Movements in working capital:		
(Increase)/decrease in debtors	(11)	32
Increase/(decrease) in creditors	20	(43)
Decrease in tax provision	-	(102)
Cash used in operations	<u>(7,401)</u>	<u>(1,274)</u>

FUTUREBUILDERS ENGLAND LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

14 Analysis of changes in net funds

	1 April 2022 £'000	Cash flows £'000	31 March 2023 £'000
Cash at bank and in hand	5,484	(4,064)	1,420

15 Contingent liabilities

The company has no contingent liabilities in respect of Futurebuilders Fund bank guarantees made on behalf of investees (2022: nil). The bank guarantees become contingent liabilities once the bank guarantee agreement has been signed by FBE.

The Social Investment Business Limited has a portfolio holding contract which continues after 31 March 2023, with DCMS (formerly via the Cabinet Office) to manage the fund with income being acknowledged in the Statement of Financial Activities and the loan books represented on Balance Sheet. At the end of the contract, the Funds will revert to DCMS. The total funds value at 31 March 2023 was £12.0m (2022: £17.9m).

The amount of loans not drawn down to beneficiaries for the Futurebuilders Fund, £243k (2022: £243k) represents a contingent liability. This includes the bank guarantees made of nil (2022: nil) as stated above.

There are no loan commitments.

	2023 £'000	2022 £'000
Loans and guarantees offered:		
Futurebuilders Fund	116,718	116,718
Modernisation Fund	7,358	7,358
	<u>124,076</u>	<u>124,076</u>
Less loans and guarantees drawn from funder:		
Futurebuilders Fund	114,470	114,470
Modernisation Fund	7,358	7,358
Utilisation of recycled funds - historical	2,005	2,005
	<u>123,833</u>	<u>123,833</u>
Total at 31 March	<u>243</u>	<u>243</u>

FUTUREBUILDERS ENGLAND LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

16 Related party transactions

Transactions with related parties

During the year, the company entered into the following transactions with related parties:

	Management Fees	
	2023 £'000	2022 £'000
Entities with common control	336	554
	<u> </u>	<u> </u>
	2023 £'000	2022 £'000
Amounts due to related parties		
Entities with common control	83	63
	<u> </u>	<u> </u>

Other information

FBE is a wholly owned trading subsidiary of SIBL, which in itself is a wholly owned subsidiary of SIBF, for which consolidated financial statements are publicly available.

17 Ultimate controlling party

The immediate parent company is The Social Investment Business Limited, a company limited by guarantee and registered in the United Kingdom. The address is CAN Mezzanine, 7-14 Great Dover Street, London, SE1 4YR.

Social Investment Business Foundation, a charity and company limited by guarantee and registered in the United Kingdom, is the ultimate parent undertaking and controlling party of the company (Charity number: 1117185) and the only company to consolidate these financial statements.

Copies of the consolidated financial statements of Social Investment Business Foundation can be obtained from the company secretary of Social Investment Business Foundation. The address is CAN Mezzanine, 7-14 Great Dover street, London, SE1 4YR.

18 Guarantors

The Social Investment Business Limited (Company number 06490609) is the sole member of the company.

Every member of the company undertakes to contribute a sum not exceeding £1 to the assets of the company if it is wound up during his or her membership or within one year afterwards.