



**Social Investment
Business Foundation**

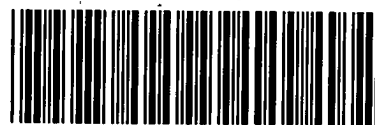
Annual Report and Consolidated Financial Statements

Year Ended 31 March 2023

Charity number 1117185

Company Number 05777484

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**SOCIAL INVESTMENT BUSINESS FOUNDATION
TRUSTEES, OFFICERS AND ADVISERS
FOR THE YEAR ENDED 31 MARCH 2023**

Trustees

Rt Hon Hazel Blears (Chair)
James Rice
Jenny North
Richard Pelly OBE (Resigned 8 December 2022)
Robert Hewitt
Sonali Siriwardena
Jagjit Dosanjh-Elton
Edward Wallis
Gavin Keyte (Appointed on 28 September 2022)

Company Secretary and registered office

Nishit Chikhlia

CAN Mezzanine, 7-14 Great Dover Street, London, SE1 4YR

Charity number

1117185

Company number

05777484

Auditor

RSM UK Audit LLP, 25 Farringdon Street, London, EC4A 4AB

Bankers

Barclays Bank, 1 Churchill Place, Leicester LE87 2BB
Unity Trust Bank, Nine Brindley Place, Birmingham B1 2HB
CCLA Investment Management, Senator House, 85 Queen Victoria St, London EC4V 4ET
Charity Bank, Fosse House 182 High Street, Tonbridge TN9 1BE
The Royal Bank Of Scotland, Chatham Rcsc Western Avenue Waterside Court Chatham Maritime, Chatham ME4 4RT
Lloyds Bank, Po Box 1000, BX1 1LT
National Westminster Bank, Chatham Rcsc Western Avenue Waterside Court Chatham Maritime, Chatham ME4 4RT
Santander Bank, Bridle Road Bootle, Merseyside L30 4GB
Triodos Bank, Deanery Road Bristol BS1 5AS

Lawyers

Weil, Gotshal & Manges (London) LLP, 110 Fetter Lane, London EC4A 1AY United Kingdom

**SOCIAL INVESTMENT BUSINESS FOUNDATION
REPORT OF THE BOARD OF TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2023**

The Board of Trustees of Social Investment Business Foundation (SIBF) present their report together with the audited financial statements for the Group for the year ended 31 March 2023, in accordance with the Company's governing documents. These statements have been prepared under the *Guidelines in the Accounting and Reporting by Charities: Statement of Recommended Practice, 2019 (Charities SORP) 2nd Edition*, and with the Companies Act 2006. The Trustees are also Directors of SIBF for the purposes of company law.

1 Objectives and Activities

The objects of the Charity are to promote for the public benefit all purposes as are recognised as charitable under the laws of England and Wales including but not limited to:

- supporting community organisations in areas of social need that are charities and the charitable activities of other community organisations, including provision of advice, support and assistance and/or
- the making and the promotion of social investments by means of loans, grants, guarantees, equity, near equity or other financial interventions or assistance to charities or for charitable purposes, including but not limited to supporting community organisations operating in areas of social need and/or
- promoting the efficient and effective application of charitable resources by those charities and for charitable purposes by the provision of financial advice, support and related assistance to charities and for charitable projects in relation to such loans, grants, guarantees, equity, near equity or other financial interventions and social investments

SIBF is committed to using finance to create a more equal society. We do this through supporting the social economy, making it more resilient, more diverse and more fairly distributed. We do this through the direct provision of grants, loans and support, and also by using our partnerships, data and position to influence policymakers and our peers.

All our activities are underpinned by our commitment to operational excellence in all we do.

Our five core values inform how we work:

- **Put People First** – through supporting our colleagues and our customers alike
- **Curious** – through continuous learning and being open to improvement
- **Bold** – through taking risks and trying new things to reach more places and people
- **Collaborative** – through working successfully in partnership, internally and externally
- **Accountable** – through open reporting and taking responsibility for our actions

In terms of **group structure**, SIBF continues to manage the Communitybuilders Fund which invested in community-based social enterprises as well as the Youth Investment Fund. SIBF is the parent company of Social Investment Business Limited (SIB Limited), which holds and delivers fund management contracts on behalf of third parties, including Government departments, and Futurebuilders England Limited (FBE), which holds the assets of the Futurebuilders and Modernisation Funds.

SIBF is also the parent company and sole shareholder of Social Investment Business FM Ltd (SIB FM), a company limited by shares established with the sole purpose of making investments to charities and social enterprises during Covid – through the Resilience & Recovery Loan Fund.

SIBF has invested £3m in Social Investment Business Loans Ltd (SIB Loans), a wholly owned subsidiary established to manage the Recovery Loan Fund (RLF); SIB Loans is also a company limited by shares, with SIB Foundation its sole shareholder.

Collectively this group of companies is referred to as Social Investment Business (SIB).

SIBF continues to be a shareholder and investor in Social and Sustainable Capital LLP (0C378569) (SASC) and its funds; during the year, the SIB investment in the Community Investment Fund (CIF) was largely recovered, and SIBF's remaining share in the LLP is 14.5%.

SIBF was also the parent company and sole shareholder of Forward Enterprise FM Ltd, a company limited by shares. Forward Enterprise FM Ltd (FEFM), held investments in enterprises working with or being led by ex- offenders or people in recovery from addiction and creating employment opportunities. During the year the assets and liabilities of FEFM were transferred to SIBF and the company was struck off on 31st January 2023.

2 The Group's specific strategic priorities were renewed in June 2022 as follows:

The Board approved the renewal of the strategy in June 2022 which includes a focus on tackling inequality as the golden thread through all of SIB's work.

Our vision is of an equal society that operates fairly, in which people can participate freely and fully, and our mission remains to build a more resilient, diverse and distributed social economy that contributes to a more equal society.

Four key strategic outcome areas working towards achieving our mission are:

- **Reach** – we focus on funding a more widely distributed social economy with more diverse leadership.
- **Resilience** – we focus on the social economy's financial resilience and also its adaptation to Net Zero.
- **Credibility** – we focus on publishing open data and working with partners to promote a credible social economy, through evidence and collaboration
- **Influence** – we focus on expanding appropriate funding from public, private and philanthropic sources of capital for charities and social enterprises

This work is underpinned by a commitment to operational excellence:

- Customer accessibility, efficiency and responsiveness to needs
- Quality assured operational systems and processes that are sector-leading
- Financial resources being used effectively and efficiently for maximum impact
- People are trained, talented, diverse and motivated, living our values

The most significant achievement in this financial year was being successful in leading a bid to run Phase 2 of the Youth Investment Fund (YIF) for the Department of Culture, Media and Sport (DCMS). YIF is a £337m fund to build, extend and renovate youth facilities and services through capital and revenue funding until March 2025.

The objectives of the YIF are to:

- Increase the number of regular positive activities undertaken by young people
- in the targeted areas by 45,000 per year, by 2026/27.
- Provide up to 300 new and redeveloped facilities delivering positive activities to young people, funded through self-reliant funding models.
- Improve the environmental sustainability of the youth sector estate in target areas through energy efficiencies and/or low carbon heating.
- Reduce the environmental impact of construction activities across the programme, by funding facilities with the lowest reasonable carbon footprint across their lifetime.
- Reduce build and ongoing running costs, by supporting new or redeveloped youth facilities that demonstrate 20% reduced annual running costs by 2025/26, compared to ageing youth facilities.

YIF opened to applications at the start of August 2022, and the first grants were approved at the end of October 2022, with the first announcements occurring in the first quarter of 2023.

Outside of the Youth Investment Fund SIB advanced c.£12m to over 400 organisations with notable achievements including:

- **Recovery Loan Fund (with Flexible Finance):** The Recovery Loan Fund (RLF) is for charities and social enterprises based in England, Wales and Scotland who are working to improve people's lives, or the environment they live in. It does this by offering loans of between £100,000 and £1.5m. The fund is supported by the Government's Recovery Loan Guarantee Scheme. A total of £4.8m loans was disbursed to 19 organisations. This included working with our partners The Ubele Initiative and Create Equity, to provide Flexible Finance grants (alongside loans) to Black and Minoritised Ethnicity led organisations. The proportion of Black and Minoritised Ethnicity led organisations receiving funding from the Recovery Loan Fund is >20% so far versus 3.9% for the predecessor Resilience and Recovery Loan Fund.

**SOCIAL INVESTMENT BUSINESS FOUNDATION
REPORT OF THE BOARD OF TRUSTEES (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023**

- **Enterprise Development Programme:** The Enterprise Development Programme (EDP) is a grant and learning support programme for organisations that are looking to become more enterprising and generate more income from trading. The programme is delivered in partnership with Youth, Homelessness, Mental Health, Equality, Environment and Black, Asian, and Minoritised Ethnic sector partners. A total of £1.8m grants were awarded to 143 organisations.
- **Reach Fund:** The Reach Fund is a grant programme that helps charities and social enterprises raise investment and currently works with >20. The Reach Fund has worked with a wide range of investors (>20) who recommend organisations to the fund. A total of £1.5m grants were awarded to 137 organisations.
- **Portfolio management:** SIB continues to manage a number of legacy loan portfolios, supporting these customers over the long term. Notably, this includes Communitybuilders, Futurebuilders, Social Enterprise Investment Fund, Forward Enterprise Fund, and the Resilience and Recovery Loan Fund. At the financial year end there were a total of 141 loans with a total of £35.9m under management (including funds that are still open to new applications).
- **Resilient Communities Fund:** The purpose of the grants was to provide support to help organisations navigate the cost of living and energy crisis, build their resilience, and strengthen local communities in the shift to a fairer, greener future. A total of £1.35m was provided to 137 community businesses.
- **Sector Partnerships:** Social Investment Business co-ordinates, hosts and is a member of several sector partnerships:
 - **Social Investment Forum (SIF)** – Secretariat for the national forum for social investment finance intermediaries.
 - **Equality Impact Investing Project (EIIP)** - Founding partner and current host of a ground-breaking initiative that exists to ensure that social impact investing is more fully harnessed to advance Sustainable Development Goal 10 – reducing inequality – in the UK and beyond.
 - **Diversity Forum** - Current host and co-ordinator of a collective on a mission to drive inclusive social investment in the UK, ensuring social investors are more representative of, and more accountable to, the communities they seek to serve.

3 Future Developments

The Youth Investment Fund creates a significant opportunity for SIB to build its profile, its capacity and infrastructure, and its ability to make a bigger difference through its work. It is therefore a central part of the future development to ensure that YIF is a springboard for the 2022-2025 strategy, amplifying and building on an already substantial track record of expertise and experience.

One part of catalysing that work is through the £10m Strategic Designated Reserve, which the board approved in early 2022 to be investment for impact in line with the 2022-2025 strategy. To date, almost £4m has been committed to support a partner organisation, to build internal capability, and to establish a new investment fund:

- Create Equity £333k
- SIB Data & Evaluation £554k
- Enterprising Growth for Communities £3m

Each of these has at minimum been matched by other external funders and investors.

Strategic development work continues at pace, particularly looking at areas of the current strategy where less substantial progress has been made thus far, notably on Net Zero, on the role of social investment in public services, and on new sources of external finance.

4 Main Strategic Risks

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 the Executive Group meetings and by both the Audit and Finance Committee and Board. The risk register is updated to reflect recent operational and financial developments, strategic objectives and changes in the external environment. Each risk together with actions that can be or are being taken in mitigation is analysed according to its perceived potential impact, likelihood of occurrence together with actions taken in mitigation.

**SOCIAL INVESTMENT BUSINESS FOUNDATION
REPORT OF THE BOARD OF TRUSTEES (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023**

The risk register contains six of the following main areas of concern, as follows, with associated mitigations:

- Using our charitable **resources efficiently** in an effective way in relation to control pricing, minimise costs, increase profitability and maintain a healthy Balance Sheet position.
- Having a highly motivated and skilled team of **people** collaborating across a remotely based organisation - mitigated by an updated people strategy, and revised internal communications and collaboration to embed a permanent flexible working model that helps achieve operational excellence.
- IT & business **systems** infrastructure - mitigated by ownership at senior level, clear strategic systems plan including migration to full cloud-based integrated solutions with multi-factor authentication and roll-out of cyber-security, fraud and anti-money laundering training to all staff.
- Having a clear approach to **impact** and embedding it in our activity - mitigated by framework, senior oversight, internal work with teams and Committees to understand impact within the decision-making process, using common formatting, questions and metrics for all applications as well as adopting a renewed culture of continuous professional development.
- Failing to deliver on contracts or within partners expectations as well as potential negative publicity either directly or by association would impact on our **reputation**. Mostly around YIF as the most significant impact.
- Failing to properly engage with our customer base or incorporate **customer** insight into service planning, design and delivery limits our ability to meet customer needs, to innovate and improve, and to be an inclusive social investor.

Additionally, the board and senior team are monitoring the external environment closely for any specific risks either directly for SIB or the organisations it supports – this includes the ongoing cost-of-living crisis, and the accelerating effects of climate change.

Trustees 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.

5 Going Concern

The Trustees have reviewed the forecasts for each company in the group, covering a period of 12 months from the date of signing these financial statements with concentration on the overall group position as the parent Charity (SIBF) would underwrite any losses in its subsidiaries.

Where SIB's own funds are directly invested, SIB has continued to retain a cautious provisioning position to ensure any future risk is mitigated and continues to monitor performance at quarterly investment committee meetings.

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

6 This year's performance

The Statement of Financial Activities (SOFA) shows that the Group's unrestricted reserves increased by £2.7m (2022: increased by £18.1m). Restricted reserves decreased by £8.6m inclusive of £7m recycled funds repaid to DCMS as part of the annual review (2022: decreased by £18.7m, £534k returned to DCMS).

Unrestricted income, including transfers from restricted funds, decreased by £12.0m to £8.7m (2022: £20.7m) inclusive of £2.6m released from the Community Builders Funds (2022: £21m released). Unrestricted expenditure increased by £3.0m to £6.3m (2022: £3.3m), due to increased activity in the year.

For full detail of this year's performance by the subsidiaries see Note 29 to the Group Accounts.

**SOCIAL INVESTMENT BUSINESS FOUNDATION
REPORT OF THE BOARD OF TRUSTEES (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023**

7 Reserves Policy

The Trustees have ultimate responsibility for ensuring SIBF has an effective Group Reserves Policy. The reserve policy is established to ensure that each company has adequate reserves and/or retained profits to meet the current and future needs of the business, whilst taking into consideration the requirements of the individual subsidiaries and ensuring they comply with the Charities SORP and the Companies Act 2006. The policy is reviewed each year.

The policy is to balance the goal of sustainability with the aim of being efficient as a not-for-profit organisation. 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. The reserves are to be held in cash or cash equivalent securities.

SIBF's reserves policy stipulates that the cash and reserves position is to be sufficient to cover a minimum of 6 months operating costs and to enable SIBF to develop new initiatives in support of its charitable objects. With 6 months operating costs estimated at £1.8m excluding direct cost for the Youth Investment Funds (YIF) which would be recovered directly from Department for Digital, Culture, Media & Sport (DCMS), the Trustees have agreed a target reserves of £1.5m to £2.0m. At the end of the year, the Group's free unrestricted reserves stood at £23.5m.

8 Treasury Management Policy

SIBF and the Group as a whole, 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.

SIBF has several bank accounts across which funds are deposited to spread risk, our policy limits a maximum of £10m in any individual bank which must ideally have a positive view to ethical investment and have a green/amber rating on the Ethical Company Index (scoring over 50%) or should have adopted the Equator Principles and be listed on the current Equator Principles Financial Institutions (EPFIs) in line with our key principle of security for our assets. These limits are regularly reviewed, having been reviewed and agreed by the Audit and Finance Committee in 2023.

We continue to hold assets on behalf of funds that are not our own. We therefore have significant amounts of money held in cash, because this money can be called upon to be disbursed or returned to its owners at short notice.

9 Structure, Governance and Management

(a) Background and Legal Structure the Group is formed as follows:

SIB Foundation – the ultimate parent company, a charity and company limited by guarantee SIBL is a private company limited by guarantee and a subsidiary of SIB Foundation.

SIBL is the sole member of FBE, a private company limited by guarantee.

SIBFM and SIB Loans are private companies limited by shares, with SIBF as the sole shareholder.

(b) Governance and Decision Making

The governance structures and decision-making processes for all the companies in the Group are laid out in the relevant articles of association. In this financial year all the recommendations were enacted following the previous year's NCVO governance review in line with the Charity Governance Code this included setting up an internal Governance Working Group as well as a Governance Committee.

SIBF is governed by seven members of the Board of Trustees. During the year the following Board Subcommittee Structure were in place:

- SIBF Investment Committee (quarterly)
- Group Audit & Finance Committee (quarterly)
- Group Governance Committee (quarterly)
- Group Remuneration Committee (meets as required, usually annually)

**SOCIAL INVESTMENT BUSINESS FOUNDATION
REPORT OF THE BOARD OF TRUSTEES (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023**

SIB Limited has a Board comprising seven Non-Executive Directors, these govern SIBL and retain governance rights and a supervisory role over FBE. FBE's Board of Directors is the Executive Senior Management Team of SIBL.

For the Group we also ensure that governance and decision-making processes are in line with and enable us to meet contractual obligations set out in all agreements with external parties.

The Directors delegated the day-to-day management of the Group to the Executive team. The Executive team throughout the year were:

➤ Nicolas Temple	Chief Executive
➤ Nishit Chikhlia	Director of Finance
➤ Robert Benfield	Director of Investments
➤ Genevieve Maitland Hudson	Deputy CEO, Director of Learning & Influence
➤ Shelby Jane Bradley	Director of People & Values

Details of the Trustees who served during the year and to the date of signing the financial statements are shown on page 2 of this report. Five Trustees are also Directors of SIBL.

Each member agrees to contribute £1 in the event of the charity winding up. The remaining Founder Member, Locality, has the right to nominate a representative to sit on the Board of Trustees.

The Trustees are committed to ensuring that the Boards have the combination of skills necessary to support the effective provision of finance to charities and community enterprises. We will ensure that our Board of Trustees includes skills and expertise in the following areas: banking and investment, community regeneration and social enterprise, business, commercial law and financial and risk management.

(c) Public Benefit Statement

The Trustees have considered the Charity Commission's general guidance on public benefit when reviewing our aims and objectives and in planning our future activities. 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.

The Trustees have a duty to include in this Annual Report a statement on the Charity's public benefit and demonstrate that:

- They are clear about what benefits are generated by the activities of the Charity.
- The benefits and beneficiaries are related and appropriate to the Charity's objects and aims.

We have set out under 'Objectives and Activities' above how we deliver public benefit against our charitable objectives.

(d) Fundraising statement

Section 162a of the Charities Act 2011 requires charities to make a statement regarding fundraising activities. Although we do not undertake widespread fundraising from the general public, the legislation defines fund raising as "soliciting or otherwise procuring money or other property for charitable purposes." Such amounts receivable are presented in our accounts as "voluntary income" and includes legacies and grants.

In relation to the above we confirm that all solicitations are managed internally, without involvement of commercial participators or professional fundraisers, or third parties. The day-to-day management of all income generation is delegated to the Executive team accountable to the Trustees.

SIBF is not bound by any undertaking to be bound by any regulatory scheme and the SIBF does not consider it necessary to comply with any voluntary code of practice.

We have received no complaints in relation to fundraising activities. Our terms of employment always require staff to behave reasonably; as we do not approach individuals for funds, we have not specified this to fundraising activities nor do we consider it necessary to design specific procedures to monitor such activities.

**SOCIAL INVESTMENT BUSINESS FOUNDATION
REPORT OF THE BOARD OF TRUSTEES (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023**

(e) Related parties

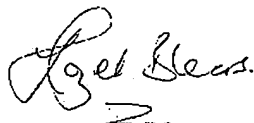
Related party transactions are referred to in detail in Note 27 to the financial statements.

(f) Disclosure of Information to Auditor

In so far as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware
- 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 Trustees report, incorporating the Strategic Report was approved by the Trustees of SIB Foundation on 27th September 2023 and signed on their behalf.



Rt Hon Hazel Blears

Chair

Date: 27th September 2023



Jagjit Dosanjh-Elton

Trustee

Date: 27th September 2023

**SOCIAL INVESTMENT BUSINESS FOUNDATION
REPORT OF THE BOARD OF TRUSTEES (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023**

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees (who are also directors of SIBF for the purposes of company law) are responsible for preparing the Annual Report 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 in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Charity and of the incoming resources and application of resources, including the income and expenditure, of the Group for that period.

In preparing these financial statements, the Trustees are required to:

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

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

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

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF SOCIAL INVESTMENT BUSINESS FOUNDATION FOR THE YEAR ENDED 31 MARCH 2023

Opinion

We have audited the financial statements of Social Investment Business Foundation (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 March 2023 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Company Balance Sheets, the Consolidated Cash Flow Statement 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 group's and the parent charitable company's affairs as at 31 March 2023 and of the group's incoming 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.

Basis for opinion

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

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or parent charitable 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 trustees 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 trustees 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.

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF SOCIAL INVESTMENT BUSINESS FOUNDATION FOR THE YEAR ENDED 31 MARCH 2023

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Report, which includes the Directors' Report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report included within the Trustees' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report included within the Trustees' Report.

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

- adequate accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the Statement of Trustees' responsibilities set out on page 10, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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.

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF SOCIAL INVESTMENT BUSINESS FOUNDATION FOR THE YEAR ENDED 31 MARCH 2023

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 group audit engagement team:

- obtained an understanding of the nature of the sector, including the legal and regulatory frameworks that the group and parent charitable company operates in and how the group and parent charitable company are complying with the legal and regulatory frameworks;
- 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.

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), Companies Act 2006, Charities Act 2011, the parent charitable company's governing document, tax legislation and Charities (Protection and Social Investment) Act 2016. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing the financial statements including the Trustees' Report, remaining alert to new or unusual transactions which may not be in accordance with the governing documents, inspecting correspondence with local tax authorities and evaluating advice received from external advisors.

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

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

Date: 28 September 2023

SOCIAL INVESTMENT BUSINESS FOUNDATION
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (incorporating income and expenditure account)
FOR THE YEAR ENDED 31 MARCH 2023

	Notes	Unrestricted Funds 2023 £'000	Restricted Funds 2023 £'000	Group 2023 £'000	Group 2022 £'000
Income from:					
Donations	2	181	-	181	325
Charitable activities:					
Investment income	3	172	1,432	1,604	2,008
Fund management income	4	4,651	152	4,803	1,276
Grant income	4	-	15,565	15,565	5,115
Other income	5	253	145	398	344
Total income		5,257	17,294	22,551	9,068
Expenditure on:					
Charitable activities:					
Fund management costs	6	(6,321)	(810)	(7,131)	(4,871)
Fund costs - grants awarded	8	-	(15,612)	(15,612)	(5,115)
Repayments to DCMS	8	-	(7,000)	(7,000)	(534)
Total expenditure		(6,321)	(23,422)	(29,743)	(10,520)
Net movement on investments					
Investment provision decrease	8	355	1,062	1,417	906
Net gain on investments	16	101	-	101	-
		456	1,062	1,518	906
Net expenditure		(608)	(5,066)	(5,674)	(546)
Transfers between funds	22	3,311	(3,311)	-	-
Net income/(expenditure) before tax	9	2,703	(8,377)	(5,674)	(546)
Corporation tax charge	11	-	(244)	(244)	(41)
Net movement in funds		2,703	(8,621)	(5,918)	(587)
Reconciliation of funds					
Funds brought forward at 1 April		20,782	28,240	49,022	49,609
Funds carried forward at 31 March		23,485	19,619	43,104	49,022

The notes on page 17 to 42 form part of these financial statements.

SOCIAL INVESTMENT BUSINESS FOUNDATION
CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2023


Company No 05777484

		Group		Foundation	
	Notes	2023	2022	2023	2022
		£'000	£'000	£'000	£'000
Fixed assets					
Intangible fixed assets	12	20	-	-	-
Tangible fixed assets	13	-	-	-	-
Mixed motive investments - loans to investees	14	26,771	31,514	3,628	4,402
Mixed motive investments – other investments	15	2,556	1,768	2,556	1,768
Investments - loan to subsidiary		-	-	16	78
Investment in subsidiary	29	-	-	3,000	3,000
Investments	16	9,914	-	9,914	-
		<u>39,261</u>	<u>33,282</u>	<u>19,114</u>	<u>9,248</u>
Current assets					
Debtors	17	2,399	862	1,237	100
Short term deposits		7,243	13,179	7,243	13,179
Cash at bank and in hand		8,661	24,307	2,705	8,008
		<u>18,303</u>	<u>38,348</u>	<u>11,185</u>	<u>21,287</u>
Current liabilities					
Creditors: amounts falling due within one year	18	(3,007)	(1,708)	(135)	(147)
		<u>(3,007)</u>	<u>(1,708)</u>	<u>(135)</u>	<u>(147)</u>
Net current assets		<u>15,296</u>	<u>36,640</u>	<u>11,050</u>	<u>21,140</u>
Total assets less current liabilities		<u>54,557</u>	<u>69,922</u>	<u>30,164</u>	<u>30,388</u>
Creditors: amounts falling due after more than one year					
Amounts owed to fund co-investors	20	(11,453)	(20,900)	-	-
Net assets		<u>43,104</u>	<u>49,022</u>	<u>30,164</u>	<u>30,388</u>
Funds					
Unrestricted funds	22	23,485	20,782	22,748	20,351
Restricted funds	22	19,619	28,240	7,416	10,037
Total funds	22	<u>43,104</u>	<u>49,022</u>	<u>30,164</u>	<u>30,388</u>

The notes on page 17 to 42 form part of these financial statements.

SIBF has taken advantage of the exemption in section 408 of the Companies Act 2006 not to present its own Statement of Financial Activities. The deficit for the year incurred by the Foundation was £224k (2022: surplus of £186k).

These financial statements were approved by the Board of Directors on 27th September 2023 and were signed on its behalf by:



Rt Hon Hazel Blears
Chair



Jagjit Dosanjh-Elton
Trustee

**SOCIAL INVESTMENT BUSINESS FOUNDATION
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2023**

	Notes	2023 £'000	2022 £'000
Operating activities			
Cash used in operating activities	24	(9,100)	(3,080)
Income taxes paid		(35)	-
Net cash used in operating activities		<u>(9,135)</u>	<u>(3,080)</u>
Cash flows from investing activities			
Payment from associate		(794)	3,829
Proceeds of new borrowings		2,700	-
Repayments of borrowings		(12,147)	-
Purchase of investments		(10,000)	-
Purchase of intangible fixed assets		(27)	-
Investment income		1,604	2,008
Payments for financial investments		(5,063)	(8,241)
Repayments from mixed motive investments		11,280	15,460
Net cash (used in)/generated by investing activities		<u>(12,447)</u>	<u>13,056</u>
Net increase in cash and cash equivalents		<u>(21,582)</u>	<u>9,976</u>
Cash and cash equivalents at the beginning of the year		<u>37,486</u>	<u>27,510</u>
Cash and cash equivalents at the end of the year		<u>15,904</u>	<u>37,486</u>
Analysis of cash and cash equivalents			
		2023 £'000	2022 £'000
Cash		8,661	24,307
Short term deposits		7,243	13,179
		<u>15,904</u>	<u>37,486</u>

The notes on page 17 to 42 form part of these financial statements.

**SOCIAL INVESTMENT BUSINESS FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

1 Significant accounting policies

(a) Reporting entity

Social Investment Business Foundation (SIBF) is a private company limited by guarantee (company number 05777484) and a registered charity (charity number 1117185), registered and domiciled in England and Wales. The principal activities of the Group are documented in the Trustees' Report. The registered office address of SIBF and its subsidiaries is CAN Mezzanine, 7-14 Great Dover Street, London SE1 4YR.

The Group consists of the ultimate parent SIBF (the Foundation) and its subsidiaries: The Social Investment Business Limited (SIBL - 100% owned), Futurebuilders England Limited (FBE - 100% owned), Social Investment Business FM Ltd (SIBFM - 100% owned) and Social Investments Business Loans Limited (SIB Loans - 100% owned). All subsidiaries are included in the consolidated financial statements of SIBF. Both SIBL and FBE have traded under the name of the Social Investment Business since 28 July 2009.

The Group is authorised for the Communitybuilders Fund, Futurebuilders Fund, Modernisation Fund, and the Resilience and Recovery Loan Fund, as the fund manager, to act as the principal, therefore all transactions relating to these funds are recorded in the Statement of Financial Activities and the Balance Sheet. The Group acts as principal for the Access Reach and Access Impact Grants.

The Group is authorised by the Social Enterprise Investment Fund (SEIF), as the fund manager, to act as the agent, therefore transactions relating to this fund are not part of the financial statements of the Group. Income received for managing the fund and the cost associated with managing the fund are recorded in the financial statements.

(b) Basis of preparation

These financial statements for the Group are prepared on the going concern basis, under the historical cost convention, and in accordance with the Charities Act 2011, Companies Act 2006, and applicable accounting standards in the United Kingdom. These financial statements have also been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by 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).

The Foundation constitutes a public benefit entity as defined by FRS 102. The financial statements are prepared in sterling, both the functional and presentational currency of the Group. Financial values are rounded to the nearest £'000.

The Foundation has chosen to take advantage of the exemption from disclosing the following information in its company only accounts, as permitted by the reduced disclosure regime within FRS 102:-

- Section 7 'Statement of Cash Flows' – *Presentation of a Statement of Cash Flows and related notes and disclosures.*

The financial statements of the Foundation are consolidated in the financial statements of SIBF. The consolidated financial statements of SIBF are available from CAN Mezzanine, 7-14 Great Dover Street, London SE1 4YR.

(c) Going concern

The Trustees have reviewed the forecasts for each company in the group, covering a period of 12 months from the date of signing these financial statements with concentration on the overall group position as the parent Charity (SIBF) would underwrite any losses in its subsidiaries.

Where SIB's own funds are directly invested, SIB has continued to retain a cautious provisioning position to ensure any future risk is mitigated and continues to monitor performance at quarterly investment committee meetings.

The entities within the group are anticipated to have sufficient cash resources for at least 12 months following the date of signing these financial statements. As a result, the Trustees have not identified any material uncertainties and therefore consider it appropriate for the accounts to be prepared on a Going Concern.

SOCIAL INVESTMENT BUSINESS FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

1 Significant accounting policies (continued)

(d) Basis of consolidation

The financial statements consolidate the results of the Foundation and its subsidiary undertakings on a line-by-line basis. The entities consolidated are those listed in the Note 29. All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. SIBF has taken advantage of the exemption in section 408 of the Companies Act 2006 not to present its own Statement of Financial Activities.

(e) Fund accounting

Restricted funds

Restricted funds are to be used for specific purposes either laid down by the funder or specified in each agreement for the benefit of identified beneficiaries. Expenditure incurred by the Foundation for these purposes is charged to the fund, together with a fair allocation of overheads, support costs and interest income.

Unrestricted funds

Unrestricted funds are available for use against operating costs in delivery of specific funds as stated in the service agreements in place and within the overall price therein, but at the Trustees' discretion in how delivery is achieved within that price. Where contracts might place restrictions on any gains, any cost savings are repayable to the appropriate funder on a basis specified in the contract. Fees payable to the Group for the management of restricted funds are unrestricted and are transferred from restricted to unrestricted funds.

Unrestricted funds include designated funds where the Trustees, at their discretion, have created a fund for a specific purpose. Further details of each fund are disclosed in Note 22.

(f) Investment in subsidiaries

In the separate accounts of the Foundation, interests in subsidiaries and associates are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. Interest in subsidiaries and associates are assessed for impairment at each reporting date. Any impairment losses or reversals of impairment losses are recognised immediately in the Statement of Financial Activities.

(g) Investment in associate – SASC

During 2013, SIBF acquired a 29% share of SASC – entitling the Group to a 51% share of all future profit distributions. The investment in this associate had been accounted for using the equity method – with the initial investment recognised at cost which is considered to be the fair value of the consideration paid by the Group. The carrying amount of the investment was increased or decreased to recognise the Group's share of the profit or loss of SASC - and this profit or loss was reflected in the Group's results for the prior period. During the prior year, SIBF's exit of SASC's CIF reduced its share of SASC down to 14.5%.

Further details of this transaction can be seen in note 14.

**SOCIAL INVESTMENT BUSINESS FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023**

1 Significant accounting policies (continued)

(h) Income

All income is included in the Statement of Financial Activities when the Group is legally entitled, receipt is probable and the amount can be measured reliably, and performance related conditions are fulfilled.

Investment income, including associated tax, relating to both unrestricted and restricted funds, is recognised when receivable.

Fund management fee income is recognised when the Group is entitled to the income based on the fund management contract. Fund income in respect of investment activity, when the Group is principal, is recognised when a drawdown request is made. Investments offered to investees but not yet requested as a draw down from the Fund Authority at the Balance Sheet date are disclosed as contingent assets.

In some circumstances, the Group acts as agent with regard to the distribution certain funds, payments received in relation to these funds and subsequent disbursements to the intended recipients are excluded from the Statement of Financial Activities as the Group does not have control over the charitable application of the funds. Funds received but not disbursed at the year end are included in other creditors on the balance sheet. Details of these are disclosed within Note 31.

Grant income, where the Group operates as principal, are included in the Statement of Financial Activities on a receivable basis. 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.

Pro bono activities

Services received from professional service providers on a pro bono basis are recognised within donations at the fair value of the services provided as determined by the third parties, with an equivalent amount recognised within governance costs.

(i) Expenditure

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party and on an accruals basis in the period in which they are incurred. Resources expended include attributable VAT when this cannot be recovered.

Costs incurred on charitable activities comprise all the resource applied by the Group in undertaking its charitable objectives. Expenditure is allocated between:

- expenditure incurred directly to the fulfilment of the Foundation's objectives
- expenditure on the governance infrastructure which allows the Foundation to operate and to generate the information required for public accountability.

Items of indirect expenditure are apportioned on an appropriate basis as follows:

- Within governance costs, staff time is attributed on an analysis of time spent on the various activities.
- Fund management costs and costs of generating funds are allocated as incurred and according to time spent.
- Premises and operational costs are allocated pro rata to staff time.

Governance costs are costs incurred in connection with meetings of the Board of Trustees and Committees of the Group, fees paid to the statutory auditor, internal auditor and legal fees where they are not for services provided in relation to fund management activities. The expenditure classed as governance costs has been detailed in Note 7, and these costs have been allocated over fund management costs on the basis of staff time spent on these activities.

**SOCIAL INVESTMENT BUSINESS FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023**

1 Significant accounting policies (continued)

(j) Expenditure (continued)

Support costs are functions that assist the work of the Foundation but do not directly undertake charitable activities. Support costs include back office costs, finance and human resources. The basis on which support costs have been allocated are set out in Note 7.

Funds to be returned for recycling are recognised only when their return is formally notified, or requested, by the funder.

Grant expenditure is recognised at the point where the Group has a legal or constructive obligation to make a payment, the grant has been approved and communicated to the recipient. Loan offers communicated are recognised as a financial investment in the Balance Sheet only once a disbursement has been made to the investees.

(k) Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets. The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

(l) Defined contribution pension schemes

The Group operates a defined contribution pension scheme. Contributions to the pension scheme are recognised as an expense in the Statement of Financial Activities as incurred. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

(m) Operating leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight-line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(n) 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 balance sheet date.

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

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.

The Group's subsidiaries are liable for corporation tax on their operating profits, to the extent not gift-aided to the holding charity.

(o) Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Website and software licenses	3-5 years (20% - 33% per annum)
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SOCIAL INVESTMENT BUSINESS FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

1 Significant accounting policies (continued)

(p) Tangible fixed assets

Tangible fixed assets are shown at cost (comprising the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use), less accumulated depreciation and impairment, except for items costing less than £2,000 which are written off to the consolidated Statement of Financial Activities in the year of purchase.

Depreciation

Depreciation is provided on a straight-line basis on all tangible fixed assets, at rates that will write off the cost of the assets to their estimated residual values over their useful lives. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

Office equipment & IT	3-5 years (20% - 33% per annum)
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The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year end.

(q) Financial investments

Financial investment loans, equivalent to mixed motive investments, are recognised at the point of the disbursement under the conditions set out in the loan. Financial investment loans are subsequently carried at amortised cost, being transaction price less any amounts settled and any impairment losses as assessed.

Trade investments are equity investments over which the Group has no significant influence, joint control or control and are initially measured at transaction price. Transaction price includes transaction costs, except where trade investments are measured at fair value through profit or loss when transaction costs are expensed to profit or loss as incurred.

Trade investments are initially recognised at their transaction value and subsequently measured at their fair value through profit or loss as at the balance sheet date using the closing quoted market price.

(r) Financial instruments

The Group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the Group 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.

Basic financial assets

Basic financial assets, which include trade and other debtors, amounts owed by group undertakings and accrued income, 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.

Derecognition of financial assets and liabilities

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some (but not substantially all) risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

**SOCIAL INVESTMENT BUSINESS FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023**

1 Significant accounting policies (continued)

(r) Financial instruments (continued)

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 Group after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, which include trade and other creditors, amounts owed to group undertakings and accruals, are initially recognised at transaction price and subsequently measured at amortised cost, being transaction price less any amounts settled. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

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."

(s) Provisions

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense and is included in "finance costs".

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

The Group makes specific provisions for impairment against loans when, as a result of frequent monitoring and review by the Investment Committees, it is considered that recovery is doubtful. A calibrated risk approach to the investment books of the Futurebuilders, Modernisation, Communitybuilders, Adventure Capital Funds, Forward Enterprise Fund, Liverpool LIF, Resilience & Recovery Loan and Recovery Loan Funds results in a further general provision being made to the financial investments, after taking account of individual specific provisions. Provisions made during the year, less amounts released, are charged to the Statement of Financial Activities and are netted off against financial investments in the Balance Sheet.

(t) Cash and cash equivalents

All cash held in accounts of less than 90-day notice is treated as cash and, classified as a deposit if notice is required to draw down cash.

(u) Critical accounting judgements and estimates

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Foundation's accounting policies and the reported assets, liabilities, income and expenditure and the disclosures made in the financial statements. 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 key areas that are deemed to be material for these financial statements are as follows:

Significant judgement and estimates – provisions on financial investment loans

Significant judgements and estimates have been used in the calculation of both specific and risk calibrated provisions which are deducted from financial investments after the deduction of specific provisions. These provisions are calculated by applying impairments to financial investments after assessing their likelihood of default based on financial and subjective metrics.

In respect of financial investments, the amount of specific provisions is £6.8m (2022: £13.9m), and the risk calibrated provision applied to the financial investments is £1.2m (2022: £1.6m).

**SOCIAL INVESTMENT BUSINESS FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023**

1 Significant accounting policies (continued)

(u) Critical accounting judgements and estimates (continued)

Futurebuilders England Limited fund treatment

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 all shares in 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.

2 Donations

	Group 2023 £'000	Group 2022 £'000
Pro bono legal services	181	325
	<u>181</u>	<u>325</u>

Pro bono services relate to activities received from professional service providers and are included within donations. Governance costs have been grossed up by an equivalent amount.

In 2023, £Nil of the donation income (2022: £Nil) was attributable to restricted funds with £181k (2022: £325k) being attributable to unrestricted funds.

SOCIAL INVESTMENT BUSINESS FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

3 Investment income

	Group 2023 £'000	Group 2022 £'000
By funding:		
Adventure Capital Fund (ACF)	13	23
Futurebuilders Fund	449	219
Forward Enterprise FM Limited	9	18
Liverpool Local Impact Fund (Liverpool LIF)	6	10
Communitybuilders Fund	118	152
Resilience & Recovery Loan Fund	695	1,578
Recovery Loan Fund	230	8
First Step Enterprise Funds (FSE)	1	-
Other investment income	83	-
	<u>1,604</u>	<u>2,008</u>
By nature:		
Interest on investments	1,373	2,007
Interest on bank deposits	231	1
	<u>1,604</u>	<u>2,008</u>

In 2023, £1,432k of the investment income (2022: £1,856k) was attributable to restricted funds with £172k (2022: £152k) being attributable to unrestricted funds.

4 Fund management income and grant income

	Group 2023 £'000	Group 2022 £'000
Fund management fees	4,803	1,276
Grant income	15,565	5,115
Total fund management income	<u>20,368</u>	<u>6,391</u>

Fund management fees are derived from managing grant and loan funds, of which £152k (2022: £323k) is attributable to restricted funds and £4,651k (2022: £953k) is attributable to unrestricted funds. For both the current and prior year all grants under management are restricted income (2022: all grants under management are restricted income).

5 Other income

	Group 2023 £'000	Group 2022 £'000
Other income including Business Support income	398	344
	<u>398</u>	<u>344</u>

Business Support income is for support provided to investees by staff and external consultants under the Communitybuilders Fund and the Social Enterprise Investment Fund and which has been recharged to these funds. In 2023, £253k (2022: £151k) of the other income was attributable to unrestricted funds and £145k (2022: £193k) was attributable to restricted funds.

SOCIAL INVESTMENT BUSINESS FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

6 Analysis of direct and support costs

	Group 2023 £'000	Group 2022 £'000
Direct costs		
Staff costs	1,664	1,332
Premises and operational	342	294
Legal and other professional	-	25
Operating leases for land and buildings	11	44
Business consultants - investee support	32	23
Other consultancy	334	209
Other direct costs	2,527	117
Direct fund management	556	1,233
Support costs		
Governance	558	592
Support costs	1,107	1,002
	<u>7,131</u>	<u>4,871</u>

In 2023, £810k (2022: £1,586k) of the fund management costs was attributable to restricted funds and £6,321k (2022: £3,285k) was attributable to unrestricted funds.

7 Allocation of governance and support costs

Governance and support costs comprise the following:

	Group 2023		Group 2022		
	Governance £'000	Support Costs £'000	Governance £'000	Support Costs £'000	Basis of appointment
Staff costs	99	786	88	687	Staff time
Premises and operational	19	162	20	152	Staff time
Legal and other professional	-	61	-	6	Invoices
Pro bono legal fees	181	-	325	-	
Board and investment committee costs	142	-	61	-	Invoices
Auditors' remuneration - audit services	55	-	48	-	Governance
Auditor's remuneration - non audit services	54	-	38	-	Governance
Internal audit	6	-	1	-	Governance
Other consultancy	2	98	2	96	Staff time
Other support costs	-	-	9	61	Staff time
	<u>558</u>	<u>1,107</u>	<u>592</u>	<u>1,002</u>	

SOCIAL INVESTMENT BUSINESS FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

8 Grants paid	Group 2023 £'000	Group 2022 £'000
Grants awarded	15,612	5,115

The Foundation undertakes its charitable activities through grant making and awarding grants to a number of individuals and institutions in furtherance of its charitable activities. All grants are restricted funds (2022: all grants are restricted funds). For both the current and prior year all grants paid were from restricted funds.

Recipients of grants:	2023		2022	
	No. of grants	£'000	No. of grants	£'000
Arts, Heritage, Sports and Faith	20	235	31	764
Citizenship and Community	37	439	40	606
Conservation of the Natural Environment	11	115	6	50
Employment	8	120	13	331
Family, Friends and Relationships	3	25	4	230
Housing and Local Facilities	11	112	16	205
Income and Financial Inclusion	4	23	6	313
Mental Health and Wellbeing	77	983	93	1,269
Physical Health	8	75	14	574
Training and Education	21	277	37	571
Other	80	388	16	128
Youth Investment Funds	88	10,903	-	-
		13,695		5,041
Grants awarded but not disbursed				
Youth Investment Funds		1,604		-
Conservation of the Natural Environment		244		-
Mental Health and Wellbeing		69		-
Other		-		74
		15,612		5,115

	Notes	Group 2023 £'000	Group 2022 £'000
Amounts repaid to the DCMS		7,000	534
Investment provisions/write offs made in year:			
<i>Write offs</i>			
Capital	14	6,107	1,757
Interest		323	104
		6,430	1,861
<i>Provisions</i>			
Capital	14	(7,582)	(2,578)
Interest		(269)	(130)
		(7,851)	(2,708)
<i>Other adjustments</i>			
Investment in SASC		4	(59)
Net income related to fund costs		(1,417)	(906)

In 2023, income of £1,062k (2022: £256k) was attributable to restricted funds with income of £355k (2022: £650k) attributable to unrestricted fund.

SOCIAL INVESTMENT BUSINESS FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

9 Net income/(expenditure) for the year

	Group 2023 £'000	Group 2022 £'000
Net income/(expenditure) for the year is stated after charging:		
Amortisation of intangible fixed assets	7	-
Operating leases for land and buildings	11	44
Auditor's remuneration - audit services	55	48
Auditor's remuneration - non audit services	54	38
Internal audit	<u>6</u>	<u>1</u>

10 Staff costs

	Group 2023 £'000	Group 2022 £'000
Wages and salaries	2,166	1,778
Social security costs	236	186
Other pension costs	147	143
	<u>2,549</u>	<u>2,107</u>

Included in the figures above are payments made to key management personnel (including employer pension contributions, and employer national insurance contributions) defined as Directors and the Group Senior Management Team (CEO, Director of Finance, Deputy CEO, Director of Investments, Director of Grants, and Director of People & Values). Remuneration for the 6 members of the Group Senior Management Team totalled £621,599 (2022: 6 members, £558,583) including pension payments of £37,730 (2022: £37,594) and employers national insurance of £57,833 (2022: £55,153).

The payments to Directors of SIBF Board are for their services to the Group. Authority for remunerating directors is included within the memorandum and articles of SIBF. The total SIBF directors' remuneration is £12,480 (2022: £12,480) of which the Chair is paid £12,480 (2022: £12,480). The Chair is paid by SIBL £27,310 (2022: 27,156 of which £12,480 is recharged to SIBF).

Payments are also made to the Directors of SIBL, a subsidiary of SIBF. The total SIBL director remuneration costs are £46,715 (2022: £52,231) of which £Nil (2022: £Nil) relates to pension payments. This means that the total Group Trustee and Director costs amounted to £59,195 (2022: £64,711) including pension payments of £Nil (2022: £Nil).

The monthly average number of employees during the year was as follows:

	Group 2023 No	Group 2022 No
Operational staff	39	34
Management staff	6	6
	<u>45</u>	<u>40</u>

The number of employees whose employee benefits (excluding employer pension costs and employer national insurance contributions) exceeded £60,000 was:

£60,000 - £69,999	9	4
£70,000 - £79,999	2	3
£80,000 - £89,999	3	2
£100,000 - £109,999 *	-	1
£110,000 - £119,999 *	1	-
	<u>15</u>	<u>10</u>

*Includes the Chief Executive

No members of operational staff were employed by the parent company SIBF (2022: one).

SOCIAL INVESTMENT BUSINESS FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

10 Staff costs (continued)

Board, Investment Committee and Directors' remuneration

Board, Investment Committee and Directors' remuneration are payments to members of the SIBL and SIBF Board for their services to the Group. Authority for remunerating Directors is included within the memorandum and articles of SIBF. Gavin Keyte appointed on 28 September 2022 and Richard Pelly resigned on 8 December 2022.

	Salary		Expenses	
	2023	2022	2023	2022
	£	£	£	£
Rt Hon Hazel Blears	27,310	27,156	-	-
Richard Pelly OBE	5,250	7,000	-	-
James Rice	4,000	4,023	-	-
Jeremy Nicholls	-	1,913	-	-
Jenny North	4,000	4,000	-	-
Amina Ahmad	4,000	9,629	-	-
Jagrit Dosanjh-Elton	7,000	7,000	-	-
Anne-Marie Vine-Lott	4,000	3,990	-	-
Gavin Keyte	3,635	-	-	-
	<u>59,195</u>	<u>64,711</u>	<u>-</u>	<u>-</u>

These Board and Committee costs are included in the staff costs detailed above.

Pensions

No pension contributions were paid to Board and Investment committee members during this year or the prior year.

SIBF operates a defined contribution pension scheme open to all staff employees (including Directors), administered by AEGON, and pays employer's contributions at three different rates for all staff who were employed before 1 August 2016: 6.79%, 9.06% and 11.33% depending on the level of employee contribution and two rates for all staff employed on 1 August 2016 and onwards: 6% or 8% depending on level of employee contribution.

The assets of the schemes are held separately from those of the Group in independently administered funds. The pension cost charge represents contributions payable under the schemes by the Group to the funds.

Included within other creditors are outstanding pension contributions for the Group at the year-end were £37,096 (2022: £36,805).

Other Board, Investment Committee and Directors' costs

A total of £Nil was paid in other Board, Investment Committee and Director costs in the year ended 31 March 2023 (2022: £Nil).

SOCIAL INVESTMENT BUSINESS FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

11 Corporation tax (charge)/credit

SIBF, as a registered charity, is exempt from corporation tax under the Corporation Tax Act 2010 (chapters 2 and 3 of part II, section 466 onwards) or Section 256 of the Taxation for Chargeable Gains Act 1992, to the extent surpluses are applied to its charitable purposes.

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

Any tax-adjusted surplus arising in FBE and SIBL on the payment they receive 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:

	2023 £'000	2022 £'000
Net expenditure - FBE, FEFM, SIBFM and SIBL		
Net expenditure before taxation	(5,674)	(767)
Tax at 19% thereon	(1,078)	145
Effects of:		
Expenses not deductible for tax purposes	1,386	(92)
Deferred tax adjustment for tax rate change	1	77
Deferred tax not recognized	(6)	(165)
Adjustments in respect of the prior period	-	(6)
Utilisation of tax losses	(59)	-
Actual current tax credit/(charge)	244	(41)

A potential deferred tax asset of £225,664 exists at the year-end (2022: £296,070) relating to fixed asset timing differences and tax losses. This has not been recognised within the financial statements, due to the uncertainty of recognition.

12 Intangible fixed assets

	Website & soft ware licenses £'000
Group	
Cost	
At 1 April 2022	-
Additions	27
At 31 March 2023	27
Amortisation	
At 1 April 2022	-
Amortisation charged for the year	7
At 31 March 2023	7
Net book value	
At 1 April 2022	-
At 31 March 2023	20

The Foundation had no intangible fixed assets at 31 March 2023 or 31 March 2022.

SOCIAL INVESTMENT BUSINESS FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

13 Tangible fixed assets

	Office equipment and IT £'000
Group and Foundation	
Cost	
At 1 April 2022 and 31 March 2023	244
Accumulated depreciation	
At 1 April 2022 and 31 March 2023	244
Net book value	
At 1 April 2022 and 31 March 2023	-

14 Financial investments

Financial investments are in the form of loans and guarantees and are mixed motive investments. This year the Group have made specific provisions against 2 loans (2022: 2) which may be non-performing. The Trustees believe that the carrying value of the investments is supported by their underlying assets.

	Group		Foundation	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Balance at 1 April	31,514	37,912	4,400	5,273
New loans disbursed	5,063	8,241	68	9
Transfer of FEFM Loan Book	-	-	-	112
Repayments received	(11,280)	(15,460)	(1,200)	(1,432)
Loan balance at 31 March before write off and provisions	25,297	30,693	3,268	3,962
Loans written off	(6,107)	(1,757)	(2,169)	(1,641)
Movement in provisions	7,581	2,578	2,529	2,079
	1,475	821	360	438
Balance at 31 March	26,771	31,514	3,628	4,400
	Group		Foundation	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Maturity of loans and advances:				
Within 1 year	5,508	6,667	870	870
Over 1 year to 5 years	17,983	18,391	1,889	1,889
Over 5 years	3,280	6,456	869	1,641
	26,771	31,514	3,628	4,400
	Group		Foundation	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Provisions brought forward 1 April	15,564	18,142	4,293	6,305
Increase in provisions	279	292	1	258
Provisions written off	(7,860)	(2,870)	(2,529)	(2,270)
Provisions carried forward 31 March	7,983	15,564	1,765	4,293

SOCIAL INVESTMENT BUSINESS FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

14 Financial investments (continued)

SIBF

The Foundation shows a decrease in provision in the year of £2,529k (2022: decrease of £2,079k) comprising a decrease in ACF of £390k (2022: increase of £192k), a decrease in Communitybuilders provision of £2,083k (2022: decrease of £2,149k), a decrease of £2k in East London IF (2022: decrease of £48k), a decrease of £46k in the Liverpool LIF provision (2022: decrease of £73k), a decrease of £7k in Forward Enterprise Fund (2022: decrease of £10k), a decrease of £1k in First Step Enterprise Fund (2022: £Nil) and an increase of £Nil (2022: increase of £9k) in the NCRIF provision.

Futurebuilders England Limited

During the year, no specific provision was made (2022: £Nil). Specific provisions were released across 16 loans totalling £4.91m (2022: £0.41m, 10 loans). In addition, the risk calibrated provision was decreased by £247k (2022: decreased by £194k).

SIB FM Limited

During the year, an additional specific provision of £168k was made on 5 loans (2022: £136k, 2 loans). In addition, the risk calibrated provision was decreased by £174k (2022: decreased by £5k).

SIB Loans Limited

During the year, an additional specific provision of £15k was made on 1 loan (2022: £Nil). In addition, the risk calibrated provision was increased by £94k (2022: increased by £5k).

15 Financial investments – movements in other mixed motive investments

Group and Foundation

	2023	2022
	£'000	£'000
CIF		
Opening investment	626	6,081
Investment (disposal) in CIF	-	(5,455)
Closing investment	626	626
Opening provision	(70)	(1,571)
Provision (increase)/recovered	(6)	1,501
Closing provision	(76)	(70)
Balance at 31 March	550	556
SASH		
Opening investment	837	674
Investment in SASH	794	163
Balance at 31 March	1,631	837

SOCIAL INVESTMENT BUSINESS FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

15 Financial investments – movements in other mixed motive investments (continue d)

Group and Foundation

	2023 £'000	2022 £'000
TSIF		
Opening investment	1,500	1,500
Closing investment	1,500	1,500
Opening provision	(1,125)	(1,125)
Closing provision	(1,125)	(1,125)
Balance at 31 March	375	375
Total balance at 31 March	2,556	1,768

SASC investment

During 2013, SIBF acquired a 29% share of SASC – entitling the Group to a 51% share of all future profit distributions. The investment in this associate was accounted for using the equity method – with the initial investment recognised at cost which is considered to be the fair value of the consideration paid by the Group. The carrying amount of the investment is increased or decreased to recognise the Group's share of the profit or loss of SASC - and this profit or loss was reflected in the Group's results for the period.

During the prior year, SIBF's exit of SASC's CIF reduced its share of SASC down to 14.5%. The share % of SASC is below the associate threshold and therefore SASC investments and provisions were reclassified from investment in associate to other mixed motive investments.

As at 31 March 2023, SIBF had the remaining commitment of £0.6m to SASC from the Communitybuilders Fund to invest into SASC's CIF, against which there is a provision of £70k. SIBF also committed £1.5m as first loss provision on SASC's Third Sector Loan Fund. It is estimated that £375k of the loss provision will be repaid to SIBF over 10 years, and therefore a provision for the remaining £1.125m is included in the financial statements. SIBF has also committed £2m to SASC's new housing fund, SASH.

16 Financial investments - responsible multi asset fund

Group and Foundation	2023 £'000	2022 £'000
Listed investments		
Market value brought forward	-	-
Additions at cost	10,000	-
Cash disbursed through portfolio	(139)	-
Management fees	(48)	-
Net gain on revaluation	101	-
Market value as at year-end	9,914	-
Investments at fair value comprised:		
Equities	6,458	-
Bonds and Alternatives	2,718	-
Cash held within the investment portfolio	738	-
Market value as at year-end	9,914	-

All investments are carried at their fair value. The investments are in the responsible multi asset fund managed by Cazenove. The basis of fair value for quoted investments is equivalent to the market value, using the bid price. Asset sales and purchases are recognised at the date of trade at cost (that is their transactional value).

SOCIAL INVESTMENT BUSINESS FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

17 Debtors: amounts falling due within one year

	Group		Foundation	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Trade debtors	2,039	309	-	-
Investee interest receivable	167	359	53	73
Prepayments and accrued income	193	180	44	22
Amounts owed by subsidiaries	-	-	1,140	5
Other debtors	-	14	-	-
	<u>2,399</u>	<u>862</u>	<u>1,237</u>	<u>100</u>

18 Creditors: amounts falling due within one year

	Group		Foundation	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Trade creditors	204	78	-	-
Other taxation and social security	183	163	-	-
Corporation tax	244	35	-	-
Other creditors	1,933	987	135	147
Accruals	205	165	-	-
Deferred income (note 19)	238	280	-	-
	<u>3,007</u>	<u>1,708</u>	<u>135</u>	<u>147</u>

19 Deferred income

	Group		Foundation	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
As at 1 April 2022	280	244	-	-
Income deferred during the year	23	280	-	-
Amounts released from previous year	(65)	(244)	-	-
As at 31 March 2023	<u>238</u>	<u>280</u>	<u>-</u>	<u>-</u>

Deferred income relates to the arrangement fees received in advance of the loan on disbursement of the loan.

SOCIAL INVESTMENT BUSINESS FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

20 Creditors: amounts falling due in more than one year

	Group		Foundation	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Amounts owed to co-investors:				
Owed to BSC, co-investor in SIBFM	8,753	20,900	-	-
Owed to co-investors in SIB Loans	2,700	-	-	-
	<u>11,453</u>	<u>20,900</u>	<u>-</u>	<u>-</u>

Loan owed to BSC, co-investor in SIBFM

During the prior year, SIBF paid FEFM £243k which was used to settle the amounts owed to co-investors.

BSC Loan Funds are to be repaid bi-annually following the end of the availability period from SIB FM cash balances, after SIBL management fees have been deducted. Accordingly, none of the BSC Loan Funds are expected to be payable within one year and fall due between two and five years.

No security is given over these loans and no interest is charged on the balance.

Loan owed to co-investors in SIB Loans

Co-investor funds in SIB Loans are payable in 10 years, with an availability period of 6 years.

Security on this loan is over the shares of SIB Loans and there is a fixed and floating charge debenture over all assets. 3% interest is charged on this loan.

21 Financial instruments

Group and Foundation

The Group and Foundation has the following financial assets held at fair value through profit or loss:

	2023	2022
	£'000	£'000
Equity investments held at fair value through profit or loss (Note 16)	<u>9,914</u>	<u>-</u>

22 Funds

<i>In year</i>	Balance 1 April 2022 £'000	Income £'000	Expenditure and provisions £'000	Transfers £'000	Balance 31 March 2023 £'000
Group					
Futurebuilders Fund	17,944	467	(6,097)	(336)	11,978
Communitybuilders Fund	2,636	-	-	(2,636)	-
Resilience & Recovery Fund	-	695	(536)	(159)	-
Recovery Loan Fund	2,978	382	(186)	(161)	3,013
Other investment funds	4,682	185	(173)	(19)	4,675
Grant funds	-	15,565	(15,612)	-	(47)
Restricted funds carried forward	<u>28,240</u>	<u>17,294</u>	<u>(22,604)</u>	<u>(3,311)</u>	<u>19,619</u>
Designated funds	-	-	(280)	10,000	9,720
Unrestricted funds	<u>20,782</u>	<u>5,257</u>	<u>(5,585)</u>	<u>(6,689)</u>	<u>13,765</u>
Total funds carried forward	<u>49,022</u>	<u>22,551</u>	<u>(28,469)</u>	<u>-</u>	<u>43,104</u>

SOCIAL INVESTMENT BUSINESS FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

22 Funds (continued)

<i>Previous year</i>	Balance 1 April 2021 £'000	Income £'000	Expenditure and provisions £'000	Transfers £'000	Balance 31 March 2022 £'000
Group					
Futurebuilders Fund	18,330	219	(51)	(554)	17,944
Communitybuilders Fund	23,724	-	-	(21,088)	2,636
Resilience & Recovery Fund	-	1,883	(1,390)	(493)	-
Recovery Loan Fund	-	26	(33)	2,985	2,978
Other investment funds	4,856	244	(431)	13	4,682
Grant funds	-	5,115	(5,115)	-	-
Restricted funds carried forward	46,910	7,487	(7,020)	(19,137)	28,240
Unrestricted funds	2,699	1,581	(2,635)	19,137	20,782
Total funds carried forward	49,609	9,068	(9,655)	-	49,022

In January 2022, the Board approved the creation of a £10m strategic designated reserve to be invested for impact in line with the strategy by March 2026. As at the year end, the Board approved £3.89m worth of proposals including:

- Create Equity £333k (FY23/24)
- Data Evaluation £554k (over 3 years)
- Thrive Together Fund £3m

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 Communitybuilders Fund provides loans, grants and business support to multi-purpose, inclusive, community-led organisations (sometimes known as Community Anchors). This restricted fund takes the form of an endowment to SIBF and, on 1 April 2022, the current restrictions were lifted.

The Resilience & Recovery Fund was initiated to support VCSE's faced with financial difficulties due to the Covid-19 disruption and restrictions.

The Recovery Loan Fund represents the carrying value of the net assets of SIB Loans, a wholly owned subsidiary of SIBF, which was set up to manage this fund.

SOCIAL INVESTMENT BUSINESS FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

22 Funds (continued)

Transfers

	Group 2023 £'000	Group 2022 £'000
Transfers to unrestricted funds:		
- Communitybuilders Fund	2,636	15,529
- Investment in SASC	-	5,559
- Forward Enterprise Fund	-	(46)
Transfers to restricted funds:		
- Recovery Loan Fund	-	(3,000)
Transfers to management fees:		
- Communitybuilders Fund	19	33
- Futurebuilders Fund	336	554
- Resilience & Recovery Loan Fund	159	493
- Recovery Loan Fund	161	15
	<u>3,311</u>	<u>19,137</u>

Transfer to unrestricted funds

Communitybuilders Fund became unrestricted from 1 April 2022 and this is represented by the transfer from restricted to unrestricted all the Communitybuilders net assets that have been fully reconciled including SASC, of which the cash from Communitybuilders Fund was used to invest in.

Transfer to restricted funds (prior year)

In the prior year, the Recovery Loan Fund was set up in a new subsidiary, SIB Loan Limited (SIB Loans). SIB Loans is a wholly-owned subsidiary of the Social Investment Business Foundation (SIBF). The special vehicle entity was set up to manage the Recovery Loan Fund (RLF). SIBF applied for the allotment and issued 3,000,000 ordinary shares of £1.00 each in the capital of SIB Loans which are restricted fund.

Transfer to management fee

Communitybuilders Fund represents a transfer from the restricted Communitybuilders Fund to SIBL as payment of the fund management fees.

Futurebuilders Fund represents the payment of the management fee from DCMS to SIBL from returns to the fund.

Resilience & Recovery Fund represents a transfer from the restricted SIBFM funds to SIBL as payment for fund management fees and loan arrangement fees.

Recovery Loan Fund represents a transfer from the restricted SIB Loans funds to SIBL as payment for fund management fees and loan arrangement fees.

All of these are shown as transfers between restricted and unrestricted funds on the face of the Statement of Financial Activities.

SOCIAL INVESTMENT BUSINESS FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

22 Funds (continued)

<i>In year</i>	Balance 1 April 2022 £'000	Income £'000	Expenditure and provisions £'000	Transfers £'000	Balance 31 March 2023 £'000
Foundation					
Communitybuilders Fund	2,636	-	-	(2,636)	-
Recovery Loan Fund	3,000	-	-	-	3,000
Other investment funds	4,401	186	(171)	-	4,416
Restricted funds carried forward	10,037	186	(171)	(2,636)	7,416
Designated funds	-	-	(280)	10,000	9,720
Unrestricted funds	20,351	179	138	(7,364)	13,028
Total funds carried forward	30,388	365	(589)	-	30,164
 <i>Previous year</i>	 Balance 1 April 2021 £'000	 Income £'000	 Expenditure and provisions £'000	 Transfers £'000	 Balance 31 March 2022 £'000
Foundation					
Communitybuilders Fund	23,724	-	-	(21,088)	2,636
Recovery Loan Fund	-	-	-	3,000	3,000
Other investment funds	4,600	266	(465)	-	4,401
Restricted funds carried forward	28,324	266	(465)	(18,088)	10,037
Unrestricted funds	1,878	176	209	18,088	20,351
Total funds carried forward	30,202	442	(256)	-	30,388

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
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23 Analysis of net assets between funds

Group	Fixed Assets		Current assets	Total liabilities	Total funds
	Intangible Assets	Financial investments			
	2023	2023	2023	2023	2023
<i>In year</i>	£'000	£'000	£'000	£'000	£'000
Restricted funds	-	23,327	8,179	(11,887)	19,619
Unrestricted funds	20	15,914	10,124	(2,573)	23,485
Total Group	20	39,241	18,303	(14,460)	43,104
<i>Previous year</i>	2023	2023	2023	2023	2023
	£'000	£'000	£'000	£'000	£'000
Restricted funds	-	27,325	21,680	(20,765)	28,240
Unrestricted funds	-	5,957	16,669	(1,844)	20,782
Total Group	-	33,282	38,349	(22,609)	49,022
Foundation	Fixed Assets		Current assets	Total liabilities	Total funds
	Intangible Assets	Financial investments			
	2023	2023			
<i>In year</i>	£'000	£'000	£'000	£'000	£'000
Restricted funds	-	3,185	4,366	(135)	7,416
Unrestricted funds	-	15,930	6,818	-	22,748
Total Group	-	19,115	11,184	(135)	30,164
<i>Previous year</i>	2023	2023	2023	2023	2023
	£'000	£'000	£'000	£'000	£'000
Restricted funds	-	3,291	6,893	(147)	10,037
Unrestricted funds	-	5,957	14,394	-	20,351
Total Group	-	9,248	21,287	(147)	30,388

SOCIAL INVESTMENT BUSINESS FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

24 Statement of Cash Flows notes:

Reconciliation of net expenditure to net cash (used in)/ generated by operating activities:

	Group 2023 £'000	Group 2022 £'000
Net expenditure after taxation	(5,918)	(623)
Tax paid	244	-
Net gain on investments	(101)	-
Investments income and bank interest received	(1,604)	(2,008)
Amortisation of intangible fixed assets	7	-
Decrease in investment provisions/write offs	(1,469)	(859)
(Increase)/decrease in debtors	(1,537)	381
Increase in creditors	1,278	29
Net cash used in operating activities	(9,100)	(3,080)

Analysis of changes in net funds:

	1 April 2022 £'000	Cashflow £'000	31 March 2023 £'000
Cash at bank and in hand			
Cash	24,307	(15,644)	8,661
Short term deposits	13,179	(5,936)	7,243
Debt due > 1 year			
Amounts owed to fund co-investors	(20,900)	9,447	(11,453)
Total net funds	16,586	(12,133)	4,451

25 Contingent liabilities

Social Investment Business Foundation

If an investee of the Adventure Capital Fund sells an asset purchased with those funds, the Home Office could require a partial repayment of its grant to the extent of any sales proceeds received by SIBF under any security which it holds over the investee. This could be regarded as a contingent liability but any obligation to pay the Home Office would be matched by funds received from the investee.

SIBF had the investment in The Community Investment Fund LP (CIF) which is part of the SASC investment. As part of the exit strategy of CIF, SIBF completed the settlement with Schroders BSC Social Impact Trust in March 2022 and agreed the indemnity on one of CIF's investees with the total exposure of £559,607. The value of the indemnity is based on the original portion of SIBF investment in SASC (44%) on the investee's outstanding loan balance at the settlement date of £1,259,115 and will be triggered upon the default of its loan. At 31 March 2023, the total exposure was £526,339 and the outstanding loan balance was £1,184,263. The directors considered this as a contingent liability on the basis that it may materialise in the future.

Futurebuilders England Limited

- i) The Social Investment Business Limited, has a portfolio holding contract, which continues after 31 March 2022, 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).

SOCIAL INVESTMENT BUSINESS FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

26 Operating lease commitments

The SIBF Group has no future minimum lease payments under non-cancellable operating leases. The office was rented under a rolling lease which was automatically renewed every six months, there was a 6 months' termination clause in the agreement. On 10 June 2022 the office lease was terminated and the group now work 100% remotely.

27 Related party transactions

SIBF is a partner in SASC which includes: The Third Sector Loan Fund LLP, the Community Investment Fund LP and Social and Sustainable Housing LP.

SIBF paid SIBL £146k (2022: £185k) for management of the Communitybuilders Fund, and £400k (2022: £302k) towards operational and premises costs. SIBF paid SIBL £116k (2022: £168k) for grant programme delivery fees during the year. SIBF received £2k (2022: £4k) in interest and £62k (2022: £62k) in capital regarding an intercompany loan between SIBF and SIBL.

At the balance sheet date the following amounts were outstanding with related parties:

Related Party	Relationship	Transaction type	2023 £	2022 £
SIBL	Wholly-owned subsidiary	Intercompany Balance	1,140,340	5,168
SIBL	Wholly-owned subsidiary	Intercompany Loan	15,625	78,125
FEFM	Wholly-owned subsidiary	Cash Investment	-	165,000
FEFM	Wholly-owned subsidiary	Acquisition of Loan Book	-	119,165

SIBL is a trading subsidiary of the SIBF.

28 Events after the reporting date

On 17 April 2023, Thrive Together (SIB) Limited, a 100% subsidiary of the Foundation, was incorporated. The Trustees have taken the decision to designate £3m of funds to the newly created entity.

29 Investment in subsidiaries

Details of the Foundation's subsidiaries at 31 March 2023 are as follows:

Name	Status	Members	% owned	Registered No
The Social Investment Business Limited (SIBL)	Company limited by guarantee	SIBF	100	06490609
Futurebuilders England Limited (FBE)	Company limited by guarantee	SIBL	100	05066676
Social Investment Business FM Limited (SIBFM)	Company limited by shares	SIBF	100	12543106
Social Investment Business Loans Limited (SIB Loans)	Company limited by shares	SIBF	100	13259359

All are registered in England and Wales.

All have their registered address at: CAN Mezzanine, 7-14 Great Dover Street, London SE1 4YR.

During the prior year, the loan book totalling £179k of Forward Enterprise FM Limited (FEFM) was transferred to SIBF at book value for £Nil consideration. The remaining assets and liabilities were settled and the company was dissolved on 31 January 2023.

On 17 April 2023, Thrive Together (SIB) Limited (Company Number: 14809311) was incorporated as a wholly owned subsidiary of SIBF.

SOCIAL INVESTMENT BUSINESS FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

29 Investment in subsidiaries (continued)

The financial results of the subsidiaries are summarised below:

Profit and Loss Account	SIBL		FBE		FEFM		SIBFM		SIB Loans	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000	2023 £'000	2022 £'000	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Income	22,142	7,874	466	218	-	24	695	1,883	382	25
Expenditure	(21,837)	(8,265)	(6,190)	(561)	-	(35)	(695)	(1,883)	(347)	(48)
Net income/(deficit) before tax	305	(391)	(5,724)	(343)	-	(11)	-	-	35	(23)
Corporation tax charge	-	-	(242)	(41)	-	-	-	-	(2)	-
Net income/(deficit) for the year after tax	305	(391)	(5,966)	(384)	-	(11)	-	-	33	(23)

Balance Sheet	SIBL		FBE		FEFM		SIBFM		SIB Loans	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000	2023 £'000	2022 £'000	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Fixed assets	20	-	10,847	12,533	-	-	6,868	13,988	5,428	592
Current assets										
Debtors	2,316	639	38	28	-	-	48	255	37	4
Cash at bank and in hand	2,355	1,635	1,420	5,484	-	-	1,872	6,784	310	2,396
	4,671	2,274	1,458	5,512	-	-	1,920	7,039	347	2,400
Current liabilities										
Creditors	(3,954)	(1,822)	(325)	(98)	-	-	(35)	(127)	(65)	(15)
Net current assets	717	452	1,133	5,414	-	-	1,885	6,912	282	2,385
Creditors due after more than 1yr	-	(21)	-	-	-	-	(8,753)	(20,900)	-	(2,700)
Net assets	737	431	11,980	17,947	-	-	-	-	3,010	2,977

SOCIAL INVESTMENT BUSINESS FOUNDATION
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FOR THE YEAR ENDED 31 MARCH 2023

30 Guarantors

Locality (formerly The Development Trusts Association) Registered Charity no: 1036460 is the remaining founder member of SIBF. The Directors appointed by the Board are the non-founder Directors. The founder and non-founder Directors are the members of the Foundation. Every member undertakes to contribute a sum not exceeding £1 to the assets of the Foundation if it is wound up during his or her membership or within one year afterwards.

31 Amounts disbursed as agent - Group

SIBL manages and disburses the restricted funds as principal, with the income and expenditure included in the Group Statement of Financial Activities; and as agent, with the grants, related disbursements, assets and liabilities excluded from the Group's financial statements. The activities as agent are shown below and in other creditors.

Social Enterprise Investment Fund (SEIF)	2023	2022
	£'000	£'000
Balance at 1 April	189	112
Returns to Funder (DoH)	(180)	(97)
Repayments from Investees	454	174
Balance held at 31 March	463	189
Power to Change grant programmes	2023	2022
	£'000	£'000
Balance at 1 April	989	1,682
Funds received from PTC	2,713	7,889
Funds disbursed to grantees	(3,408)	(8,582)
Balance held at 31 March	294	989
Youth Endowment Fund grant programmes	2023	2022
	£'000	£'000
Balance at 1 April	-	1,118
Funds received from YEF	-	(1,118)
Balance held at 31 March	-	-