

The Social Investment Business Limited

(A Company Limited by Guarantee)

Annual Report and Financial Statements

For the year ended 31 March 2013

Company no 6490609

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The Social Investment Business Limited

Officers and Professional Advisers

Company Registration Number	6490609
Date of Incorporation	1 February 2008
Registered Office	1st Floor, Derbyshire House, St Chad's Street London, WC1H 8AG

The Directors of the Company who were in office during the year and up to the date of signing the financial statements were

Sir Stephen Bubb (Chair)
Crispin Blunt (appointed 30 January 2013)
Anthony Cann
Kevin Carey
Louise Keeling (appointed 30 January 2013)
Edward Lord OBE JP (appointed 30 January 2013)
Jeremy Newman (appointed 30 January 2013)
John Tizard (resigned 30 June 2013)
Anne Tutt (Deputy Chair)
Fred Worth

Chief Executive Jonathan Jenkins

Company Secretary Darren Garner (resigned 26 April 2012)
Jonathan Jenkins (appointed 17 May 2012, resigned
30 January 2013)
Suthan Santhaguru (appointed 30 January 2013)

Bankers: Co-operative Bank, 80 Cornhill, London, EC3V 3NJ
Barclays Bank Plc, One Churchill Place, London, E14 5HP

Solicitors Russell-Cooke LLP, 2 Putney Hill, London, SW15 6AB

Independent Auditors: PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
7 More London Riverside, London, SE1 2RT

Members of Committees:

The Assets and Liabilities Committee, "Futurebuilders Fund"	Anne Tutt (Chair), Robert Banner, Crispin Blunt, Anthony Cann, Kenneth Ibbett, Louise Keeling, Martin Rich, Bob Ricketts, Helen Driver
Group Audit & Compliance Committee	Kevin Carey (Chair to 30 June 2013), Jeremy Newman (Chair from 1 July 2013), Anthony Cann, Anne Tutt, Fred Worth
Group Finance Committee	Anne Tutt (Chair), Fred Worth, Anthony Cann, Hugh Rolo
Group Remuneration Committee	John Tizard (Chair to 30 June 2013), Kevin Carey (Chair from 1 July 2013), Anne Tutt, Hugh Rolo, Edward Lord

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The Social Investment Business Limited

Chairman's Report

The Social Investment Business Limited ('SIB') has had a positive year and it is particularly pleasing to have secured the on-going management of the Futurebuilders fund, the largest fund we have managed

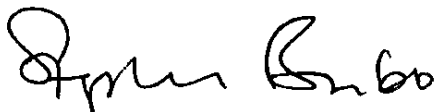
While the market is challenging for many of the investees of our funds, the performance of the funds are testament to our engaged investor approach. I was proud that we launched our Engaged Investor Charter to enhance further the support we are able to provide

As the Social Enterprise Investment Fund ("SEIF") draws to a close it is worth reflecting on the strong demand that we have experienced across the sector for loan finance. As SIB moves forward and the social investment market in the UK continues to become more sophisticated we are committed to ensuring that we are able to continue to offer simple loans to charities and social enterprises when they need them

Our grant funds are also playing an important role in supporting organisations who are on the journey to being able to take on repayable finance and it is very pleasing to be able to support organisations at all stages along that journey

I have been delighted to welcome several new board members who bring some new exceptional talents to the leadership of the organisation. Working together with the Adventure Capital Fund ('ACF') board we are now better placed than ever to provide a strong vision for connecting capital with impact driven organisations and I am very excited about the future

As always, I pass on my heartfelt thanks to all my board colleagues, the investment committee members and the staff of SIB



Sir Stephen Bubb
Chairman

9 July 2013

The Social Investment Business Limited

Directors' Report

The Board of Directors of The Social Investment Business Limited present their report together with the audited financial statements for the year ended 31 March 2013 in accordance with statutory requirements and the company's governing documents

Objectives and Principal Activities

The SIB Group, comprises The Social Investment Business Limited ('SIB'), the Adventure Capital Fund ('ACF', the Group's parent charity) and Futurebuilders England Limited ('FBE'), of which SIB is the sole member and which holds the investments relating to the Futurebuilders and Modernisation Funds. SIB plays a key role in the delivery of the Group's strategy

The vision of the SIB Group, is a strong, well-capitalised and thriving civil society which enriches the lives of the people and the communities it serves

Our mission is to

- have a transformative effect on the sector, strengthening it at both the organisational and strategic level so that it is more sustainable and valued in public sector delivery,
- bring more money into the sector, to meet the high demand for social investment and to support this with knowledge and expertise, and
- be a thought leader for social investment, based on our demonstrable success in helping third sector organisations of all sizes to do more of what they do best

During the previous financial year, the Chief Executive defined seven corporate objectives against which we have been delivering this year. These are:

- 1 Financial and personnel sustainability,
- 2 Focus on social and community fund management,
- 3 Develop relationship based engaged investment,
- 4 Diversify funding sources,
- 5 Focus on partnering and brokering,
- 6 Simplify corporate and governance structures; and
- 7 Create and communicate specific success measures

Financial and personnel sustainability

SIB's reported loss of £0.4m includes the effects of the net grant expense on the Investment and Contract readiness Fund ('ICRF') contract (£1.7m). Excluding the effects of this, SIB made a profit of £1.3m.

This surplus is mainly attributable to a £1.3m grant from ACF, SIB's parent company, but also reflects new fund administration contracts most notably the Community Right to Challenge and Right to Bid contracts for the Department for Communities and Local Government) and a focus on cost control.

The Social Investment Business Limited

Directors' Report continued

The quality of financial planning and reporting has continued to improve and planning has been underway throughout the year as contracts come to their natural end. We are very pleased to have secured the on-going fund management contract for the Futurebuilders and Modernisation Funds for at least another three years, however, unfortunately this was at a reduced management fee.

The Social Enterprise Investment Fund has also closed and our contract with the Department of Health, which was extended in April 2012, moved to portfolio management only from May 2013 (this will result in a significantly lower management fee).

In response to these developments, a restructuring exercise was undertaken in February 2013 which included the tough decision to close the Newcastle office. These changes will help to ensure that SIB has the right structure to deliver its current contracts and build new business.

Focus on social and community fund management

SIB's principal activity is fund management for the Futurebuilders Fund ('FB'), the Modernisation Fund ('MOD'), the Communitybuilders Fund ('CB') and the Social Enterprise Investment Fund ('SEIF'). In addition SIB runs a number of grant programmes including the Social Action Fund, the Investment and Contract Readiness Fund ('ICRF'), and this year started a new contract to run the Community Assets and Services grant programme for the Department for Communities and Local Government.

Under our contracts with our funders we must report on a range of KPIs. During the year we performed very well against our contractual KPIs, which mostly relate to fund performance. In particular, customer satisfaction has continued to show strong improvement. The overall target for the Futurebuilders fund customer satisfaction was missed by 2% but the issues highlighted in the feedback are being addressed by the executive team.

The Social Investment Business Limited

Directors' Report continued

Develop relationship based engaged investment

SIB operates as an engaged investor and this year we formalised our commitment to our investees through our Engaged Investor Charter, which was launched at an event in November to celebrate the 10th anniversary of ACF, the Group's parent charity. We also built on our business support offer and developed a new mentoring programme for investees.

While we have a long standing programme of business support interventions available to organisations who are a cause for concern, we are committed to building on this by focusing more of our interventions on organisations before they get into trouble, including through targeting organisations on our watch-list.

The SIB employee volunteering programme has provided support to investee organisations and given all SIB staff a valuable opportunity to spend time with front-line organisations. Our work in providing business support to credit unions in Wales has continued to perform strongly.

Diversify funding sources

In addition to the securing of new contracts and the renewal of the SEIF and Futurebuilders contracts, the senior management team have spent much of the year developing long term plans to diversify sources of funding. This has involved working with Boston Consulting Group to undertake a significant piece of market analysis and business planning at this critical time in the development of the social investment market. From that exercise it became clear that the Group needed to target a wider range of potential investors and a new subsidiary of ACF, SIB Group FM Ltd, was incorporated in January 2013 to explore new business options.

At the same time dialogue has begun with Big Society Capital, the organisation which has been created to capitalise the social investment market in the UK, for investment into new funds which the group may run.

During the year we have also undertaken work to build a pipeline for new loan funds. This has included a detailed funding survey. This identified a need for £250m of new finance into the market. This survey was followed by a call for expressions of interest in accessing new loan funds which at the time of writing is still open.

Focus on partnering and brokering

During the year, SIB has played an increasingly active role in supporting the growth of the social investment market generally. We jointly hosted a series of events at the party conferences with Big Society Capital and The Social Investment Forum, which were attended by leading politicians and commentators.

We also used the Good Deals conference in London in November 2012 to share learning from our portfolio review marking the 10th anniversary of ACF.

The Social Investment Business Limited

Directors' Report continued

In addition we have forged our strategic relationship with Investing for Good, who now share our offices and support our work on impact measurement

Simplify corporate and governance structures

Significant progress has been made during the year in simplifying the corporate and governance structures of the group. On 30 November 2012, the business and assets and liabilities of FBE which were not related to the investment agreements for the Futurebuilders and Modernisation funds were transferred to SIB. This was a long overdue transaction and was required, should the fund management contract have been lost by SIB, FBE could be returned to the Cabinet Office containing only assets relating to the Futurebuilders and Modernisation funds. The employment of the majority of the Group's staff moved from FBE to SIB and the complex web of sub-contracts which existed between SIB and FBE were terminated. The remaining structure is now fit for purpose.

SIB therefore took direct responsibility for all fund management activity including the contracts which had previously been sub-contracted to FBE.

To complete the tidy-up work, two other dormant companies in which SIB was the 100% shareholder were closed during the year. These were The Social Investment Business Trading Company Limited and The Third Sector Bidding Company Limited. Both were incorporated in 2009-10 and neither had traded.

The boards of ACF and SIB began to meet jointly which has allowed for much clearer communication between the two entities.

Create and communicate specific success measures

To support the delivery of the seven new corporate objectives, a new set of corporate KPIs has been developed and performance against these is reported at each board meeting.

One critical area of reporting for the Group is the social impact of the investments which we have made. Significant progress has been made in this area during the year with a team of staff from across the organisation taking a lead on embedding social impact measurement into all funding decisions and monitoring reports from investees. We have worked closely with Investing for Good and adopted their Methodology for Impact Assessment and Analysis (MIAA). We pioneered this with the Communitybuilders fund and over the coming year this will be embedded across all of our funds.

Future Developments:

Now that the Futurebuilders contract has been secured for at least a further three years, the focus of SIB's future developments, in addition to the delivery of our current contracts, will be on securing new fund management contracts and working with a broader range of investors. Key priorities for the coming year will include:

The Social Investment Business Limited

Directors' Report continued

- Supporting the development of new funds by building a strong pipeline of investment ready social enterprises and charities,
- Position ourselves as the Government fund manager of choice, and
- Embed the analysis and reporting of social impact into everything that we do

To achieve these goals we will also need to make changes to our systems and processes to increase efficiency, improve our data capture and analysis, build our sales skills, report on our quality and impact more effectively, and continue to develop our staff at all levels

Case studies of our investments

With all the investments we look not only for financial but also social returns. The loan funds we manage provide support and investment to 'unbankable' third sector organisations. The cases studies below illustrate the range of investments which SIB supports

Gamlingay Community Centre – A Communitybuilders investee

In 2010 Gamlingay Community Centre (GCC) set about an ambitious plan to transform a dilapidated community centre on the outskirts of a small Cambridgeshire village into a modern, multi-purpose and environmentally conscious Eco-Hub. The design, conceived by London-based Civic Architects, would enhance existing features of the building whilst increasing the centre's total floor space by 60%.

The Communitybuilders investment comprised of £360k grant funding and £250k loan funding. The community centre now houses a community library, kitchen/ café, the 'Madocks Ellis' main hall, sports changing rooms, the "Kingspan Hall" dance studio and a Parish Council office. The most striking aspect of the build however, is not just the range of provisions now on offer but how these are delivered, in an environmentally sustainable Eco-Hub encompassing the following features:

- Solar thermal and a ground source heat system supply all the building's heating and hot water
- The ground source heat pump extracts heat from the ground by means of thirty 100 metre pipes buried under playing fields to the rear of the centre, whilst the sun provides heat for the solar thermal system by means of panels situated on a low level roof
- The heat from both systems is stored in a 2000 litre Oskar tank (viewed via a glass door in the Kingspan Room). Water is drawn from different levels in the tank depending on what it is needed for, with the hottest water used to heat water for taps and showers by means of a heat exchanger, and water at lower temperatures used for radiators and underfloor heating.

The Social Investment Business Limited

Directors' Report continued

It has received an A rating for its Energy Performance Certificate – a rare occurrence for an old building. The Eco Hub now provides the village with a multi-functional facility that meets the needs of the whole community and benefits the environment by utilising systems and technologies, which have been carefully chosen to minimise environmental impact and damage.

Core Arts – A SEIF investee

Core Arts (Core) is an arts focused charity based in an old church in Homerton, East London. It was established in 1994 and runs projects to encourage those with severe and enduring mental health problems to participate in creative projects – largely in art, performance and music.

The SEIF investment was awarded to contribute towards the purchase of the centre and general refurbishments. It was made up of £700k loan funding and a £70k capital grant.

Core Arts also operates two subsidiary social businesses – Core Landscapes (garden maintenance services) and Core Design (graphic design business), both of which are run on a commercial basis generating small profits which are then channelled into the main charity.

Core Arts has a good relationship with their commissioners and continues to lead the arts consortia in Hackney. Hackney Borough Council (HBC) has identified arts based services as a particular priority in the area (alongside primary care and day services) and the CEO Paul Monks is highly engaged with local voluntary sector strategy and is active in leading the shape of the personalisation agenda in Hackney.

Centre at Threeways – An ICRF grantee

Centre at Threeways is a newly-formed community trust based in North Halifax and with the support of its ICRF provider, Locality, received a £140k ICRF grant.

Centre at Threeways aims to support the various needs of its families and communities within the region it operates and will use the ICRF grant, with the support of Calderdale council, to take on the largest community asset transfer (a 108,000 sq ft building) in England by May 2013. It aims to turn the former Ridings school in Ovenden into an enterprise development hub which will be for and owned by the community. The project was successfully completed in June.

Structure, Governance and Management

Background and Legal Structure

The Social Investment Business Limited is a private company limited by guarantee. SIB changed its name from Futurebuilders England Fund Management Limited on 9 April 2010.

The Social Investment Business Limited

Directors' Report continued

Ultimate parent undertaking

The Adventure Capital Fund is the ultimate parent undertaking and sole member of SIB ACF is a charity and company limited by guarantee

SIB is the sole member of **Futurebuilders England Limited**, a private company limited by guarantee SIB was also 100% shareholder in two dormant companies, **The Social Investment Business Trading Company Limited** and **The Third Sector Bidding Company Limited** These companies were dissolved on 6 November 2012

Both SIB and FBE have been trading under the name 'The Social Investment Business' since 28 July 2009

In 2009/10, FBE was one of the founding partners who set up the **Third Sector Consortia Management LLP (3SC)**, a management services company, in response to an express need from the third sector for a coordinated and effective quality response to the change in requirements of public sector commissioners

The partnership deed is dated 25 September 2009 and states that 'the Business of 3SC is the managing and delivering of public community services through its third sector collaborators and suppliers, promoting industry and commerce and supporting the community benefit activities of the Members' FBE sold its interest before the 2010 year end and SIB acquired that interest at a cost of £10,000

As at 31st March 2013 there were six members, a seventh member joined in April 2013 (Groundwork UK) and two members left during the year (Clinks and Sadeh Lok Housing group) The original capital requirement of £10,000 has increased by an annual interest rate of 2 percent above the UK base rate The seven current members have shares of 14.29% each During 2010 3SC received a £1.5m loan from the Modernisation Fund The balance outstanding on this loan at 31 March 2013 was £1.2m (31 March 2012 £1.5m)

Fund management contracts

SIB holds fund management contracts as detailed below, and following the transfer agreement with FBE in November 2012 directly delivers these services Sub-contracts for fund delivery between SIB and FBE were terminated in November 2012

Contracts/agreements for Fund Distribution and Fund Management are as follows

Futurebuilders Fund and Modernisation Fund – The fund management agreements in place with the Cabinet Office (CO) in respect of the Futurebuilders Fund and the Modernisation Fund ran until 31 March 2013 On SIB's successful tender for the continuing fund management of the Futurebuilders Fund two new agreements were signed with the Cabinet Office as follows

The Social Investment Business Limited

Directors' Report continued

- 1 A Social Investment Loan Book Management services agreement between the Cabinet Office and The Social Investment Business Limited. The contract is for the management of the Futurebuilders and Modernisation funds and commenced on 1 April 2013 until 31st March 2016
- 2 A Social Investment Portfolio Holding Agreement between The Cabinet Office and Futurebuilders England Limited (the 'Fund Holder') which runs from 1 April 2013

Social Enterprise Investment Fund (SEIF) – In 2008/09, SIB won an open tender to deliver the Department of Health ('DoH') SEIF. The original contract between the DoH and SIB for fund management incorporated fund distribution and is dated 5 March 2009. The original three year contract ran from 1 June 2009 (after a transition period) to 31 May 2012. In May 2012 agreement was reached with DoH to revise and extend the contract for a maximum of a further two years, to 31 May 2014. A sub-contract is in place between SIB and Local Partnerships UK LLP (LPUK). LPUK are sub-contracted to develop and support the portfolio for Fund investments relating to NHS start-ups/spin-outs. SIB acts as agent for the SEIF in respect of Fund distribution and, therefore, the investments (loans and grants) are not recorded on FBE's or SIB's balance sheets. The External Investment Committee for this Fund is managed by DoH.

Communitybuilders – Following the endowment of the Communitybuilders Fund to ACF in March 2011, ACF entered into an agreement with SIB to provide Fund Management services for an initial three year period subject to annual review.

Grant funds

Social Action Fund - In 2011/12 Cabinet Office awarded SIB a contract for the delivery and portfolio management of the £21m Social Action Fund. This contract commenced on 7 September 2011 and expired on 31 March 2013.

Investment and Contract Readiness Fund - In 2011/12 Cabinet Office awarded SIB a contract for the delivery and portfolio management of the £10m Investment and Contract Readiness Fund. This contract started on 30 January 2012 and expires on 31 March 2015.

Community Assets and Services Grants – In July 2012 the Department for Communities and Local Government awarded SIB the contract to deliver the Community Services Grant programme. SIB sub-contracts the support and advice element of this programme to Locality. At the same time Locality were awarded the contract to deliver the Community Assets Grant programme and they have sub-contracted the fund management of that programme to SIB.

The Social Investment Business Limited

Directors' Report continued

Management

The Directors who held office during the year are listed on page 1. The executive management team of Futurebuilders England Limited are responsible for the day to day management of SIB. The executives act under delegated authority given to them by the Board. The executive management team throughout the year were

Darren Garner	Finance Director (resigned 26 April 2012)
Suthan Santhaguru	Finance Director (appointed 27 April 2012)
Jonathan Jenkins	Chief Executive
Geoff Burnand	Director of New Funds
Seb Elsworth	Director of Partnerships and Communications (appointed 1 April 2012)

Governance and Decision Making

The articles of association of SIB are the foundation of the Company's governance.

SIB's directors are all non-executives. Sub-committees of the board include the External Investment Committee, a Group Audit & Compliance Committee and a Group Remuneration Committee and Group Finance Committee. The ACF board also has oversight of the Governance of SIB through clearly defined reserved matters.

During the year a rigorous recruitment process took place to find new board members for both the SIB and ACF boards, and the investment committee. Details of the new board members are outlined at the start of this document and they bring considerable sector, financial and business expertise. The Board meets 5 times each year.

Related Parties

SIB, being a wholly owned subsidiary of ACF, for which consolidated financial statements are publicly available, has taken advantage of the exemption set out in Financial Reporting Standard (FRS) 8, 'Related Party Transactions', not to disclose any transactions with ACF or FBE.

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

The company maintains a register of interests for Board, Investment Committee members and staff. At a meeting, where any investment or purchase decisions are taken, which would reasonably be seen as giving rise to a conflict of interest (principally over investments) the Chair of the meeting ensures at the outset that disclosure is made. The interest is agreed to be either declarable or disqualifying and is recorded as such in the minutes and, if appropriate, the individual withdraws from the meeting for the discussion and decision concerning the relevant item.

The company's procedures also ensure that senior staff are not engaged in purchasing goods or services from suppliers in which they would have an interest.

The Social Investment Business Limited

Directors' Report continued

Statement of Directors' Responsibilities

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

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

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

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

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

Disclosure of Information to Auditors

Each of the persons who is a director at the date of the approval of this report confirms that

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

The Social Investment Business Limited

Directors' Report continued

Risk Management

Risk Framework – Management of risk is the responsibility of the SIB Directors. To ensure that risks are managed and mitigated, an agreed risk framework is in place which enables management to identify and evaluate both strategic and operational risks and the actions needed to mitigate these risks taking into account existing and proposed controls.

A Group Risk Policy and Procedure is approved by the board and is subject to periodic review. All managers of the Directorates within SIB are involved in identifying and managing risk. In addition, a dedicated Cause for Concern team is in place to monitor investee performance. The executive management team is required to review risk across the group on a regular basis with formal strategic and operational risks registers updated and reviewed for the group as a whole as appropriate.

The Group Audit & Compliance Committee receives the Strategic Risk Table on a quarterly basis and the approved Strategic Risk Register on an annual basis for review and approval. The ACF and SIB Boards receive the minutes of every Audit & Compliance Committee meeting together with the Strategic Risk Register following review by the Audit & Compliance Committee.

Internal Audit – In addition to the above internal controls the Directors receive further assurance that SIB risks are managed through internal audit by an external company - BDO LLP. During the year, BDO LLP reported directly to the Audit & Compliance Committee and worked to an agreed internal audit plan based on risks to our strategic objectives and on providing assurance to the Audit & Compliance Committee in respect of our internal controls. For 2012/13, an internal audit plan was presented to the Audit & Compliance Committee in May 2012.

Main Strategic Risk – The key challenge facing SIB is the need for on-going diversification of funding through the securing of new fund management contracts. While the Futurebuilders contract has been retained for at least a further three years, it is at a reduced rate and the SEIF contract is reduced to portfolio management only from May 2013.

Our on-going risk management review has acknowledged that the impact of the market environment would remain a main strategic risk for the group for the foreseeable future, with the risk that contracts might not be renewed, or might otherwise be curtailed, reducing both funds available to offer to civil society organisations and our own management fee income.

To mitigate this risk, and to manage the expected reduction in income, we focused during the year on ensuring excellent delivery on our existing contracts and meeting targets as detailed above, also maintaining our close working relationship with our contracting departments – all as evidence of our reliable delivery of fund management services.

This risk is further mitigated by the new contracts which the group has managed to secure and the actions taken to reduce costs to ensure SIB has the right resources to manage funds as effectively as possible. The Group also has a comprehensive plan for business.

The Social Investment Business Limited

Directors' Report continued

development including working with a range of new investors and forming a new regulated subsidiary

Other risks

SIB manages its cash flow risk through weekly cash reporting and monthly cash flow forecasting. The main objective of this reporting is to ensure SIB maintains sufficient working capital. SIB is not exposed to any significant price risk and ensures that it holds sufficient funds to settle liabilities in full as they fall due. SIB does not use derivative instruments.

Financial Review

Going Concern

At the financial year end SIB had net liabilities of £162k. This was principally due to a timing difference in relation to the ICRF fund, the grant liability on the fund was in excess of cash drawn down on the fund creating a net liability of £1.8m. Excluding the effects of this, SIB has net assets of £1.7m.

The Directors have prepared forecasts of the company's cash and capital positions for the period ending September 2014, eighteen months from the date of these financial statements. Similar forecasts have also been prepared assuming stressed but plausible scenarios. The Directors consider the cash and reserves position of SIB to be sufficient to support the company for at least twelve months from the date of signing these financial statements taking into account the value and length of the Fund management and other contracts in place and for this reason continue to adopt the going concern basis in preparing the annual financial statements.

This year's performance

In the year ended 31 March 2013 SIB made a loss of £0.4m. This was principally due to the timing of income and expenses on the ICRF contract, at the year-end drawdown income amounted to c£1m which was less than the grant expense of £2.7m creating a loss of c£1.7m. Excluding the effects of this, SIB made a profit of c£1.3m as it benefitted from a £1.3m grant from ACF, its parent company (see below).

Fund management income for the year ended 31 March 2013 was £5.4m. This compares to income of £4.7m in 2012. The increase was principally due to additional turnover from the DCLG Right to Bid and Challenge contracts which amounted to £0.6m.

During the year, ACF awarded a grant of £1.3m to SIB in order for it to pursue its charitable objects along with a mixed motive ten year loan of £0.5m. Advancement of both the grant and the loan will require SIB to deliver certain social outcomes within ACF's charitable objects.

The Social Investment Business Limited

Directors' Report continued

Fund income amounted to £1m and relates to draw down monies received in respect of the ICRF contract. Delivery on this contract commenced during the year.

Cost of sales includes £3.6m in respect of fund management costs and £2.7m in respect of fund costs.

Fund management costs amounted to £4.7m in 2012. The decrease in cost in 2013 is due to the fact that from 30 November 2012 the sub contract between SIB and FBE to deliver its fund management contracts ceased (see below), this led to a corresponding decrease in costs.

The £2.7m fund costs relate entirely to the grant expense on the ICRF contract.

Administrative expenses were £1.8m during the year. These include £148k of restructuring costs relating to an exercise undertaken in February 2013 to reduce costs in response to forthcoming reductions in management fees on the Futurebuilders and SEIF contracts. This included the tough decision to close the Newcastle office.

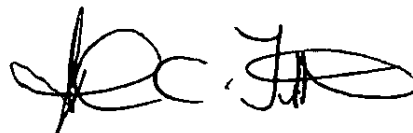
On 30 November 2012, the business, assets and liabilities not related to the Futurebuilders and Modernisation funds were transferred from FBE to SIB. The fair values of the assets and liabilities transferred are considered to be equal to their book value of £1.8m.

The cash position of SIB has been closely monitored and managed throughout the year with the position at 31 March 2013 standing at £3.2m. This includes unrestricted cash of £2.5m and restricted (Investment and Contract Readiness Fund) cash of £0.7m.

Approved by the Board of Directors of the Social Investment Business on 9 July 2013 and signed on their behalf



Sir Stephen Bubb
Chairman



Anne Tutt
Director, Vice Chair

Company no 6490609

The Social Investment Business Limited

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE SOCIAL INVESTMENT BUSINESS LIMITED

We have audited the financial statements of The Social Investment Business Limited for the year ended 31 March 2013 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 13 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report and Financial Statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

The Social Investment Business Limited

Independent Auditors' Report continued

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2013 and of its loss 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

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

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



Liz Hazell (Senior Statutory Auditor)

For and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

London 10 July 2013.

The Social Investment Business Limited

Company no 6490809

Profit and Loss Account for the year ended 31 March 2013

	Notes	2013 £'000	2012 £'000
Turnover			
Fund management income	3	5 351	4 711
Fund income	3	1 037	-
Charitable grant receivable		1 300	-
Other income		81	-
		<u>7 749</u>	<u>4 711</u>
Cost of sales			
Fund management cost	4	(3 603)	(4 709)
Fund costs	4	<u>(2 747)</u>	<u>(4 709)</u>
		<u>(6 350)</u>	<u>(4 709)</u>
Gross profit		1 399	2
Administrative and operational expenses	5	<u>(1 754)</u>	<u>(37)</u>
Net (loss) on ordinary activities		<u>(355)</u>	<u>(35)</u>
Other interest receivable		2	1
Net (loss) on ordinary activities before taxation		<u>(353)</u>	<u>(34)</u>
Tax credit/(charge) on (loss) on ordinary activities	8	<u>(8)</u>	<u>14</u>
(Loss) for the financial year		<u>(361)</u>	<u>(20)</u>

There is no material difference between the loss on ordinary activities before taxation and the loss for the financial year and the previous financial year stated above and their historical cost equivalents

There were no recognised gains or losses in the current financial year or the previous financial year other than those contained within the Profit and Loss Account. All operations are continuing.

The accompanying notes form an integral part of these financial statements.

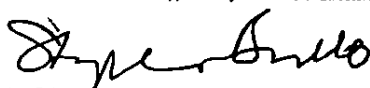
The Social Investment Business Limited
Company no 6490609


Balance Sheet
as at 31 March 2013

	Notes	2013 £ '000	2012 £ '000
Assets			
Tangible fixed assets	9	6	-
Investments	10	<u>10</u>	<u>10</u>
		16	10
Current assets			
Debtors	11	1,919	304
Cash at bank and in hand		<u>3,224</u>	<u>233</u>
		5,143	537
Creditors			
Creditors amounts falling due within one year	12	(2,780)	(348)
Grants payable	13	<u>(2,541)</u>	<u>-</u>
		(5,321)	(348)
Net current (liabilities)/assets		(178)	189
Total assets less current liabilities		<u>(182)</u>	<u>199</u>
Profit and loss account	15	(182)	199
Total shareholders' (deficit)/funds		<u>(182)</u>	<u>199</u>

The accompanying notes form an integral part of these financial statements

These financial statements were approved by the Board of Directors on 9 July 2013 and were signed on its behalf by


Sir Stephen Bubb
Chairman


Anne Tull
Director, Vice Chair

The Social Investment Business Limited

Notes to the Financial Statements for the year ended 31 March 2013

1 Significant accounting policies

a) Reporting entity

The Social Investment Business Limited (SIB) is a company limited by guarantee governed by the Companies Act 2006 and is domiciled in the United Kingdom.

b) Basis of preparation

These financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies which have been applied consistently throughout the year are set out below.

c) Subsidiary

SIB has a wholly owned subsidiary Futurebuilders England Limited (FBE). Company no. 5066676. Both companies are incorporated in the UK, registered address 1st Floor, Derbyshire House, St Chad's Street, London, United Kingdom, WC1H 8AG. During the year, two former subsidiaries were dissolved on 6 November 2012: The Social Investment Business Trading Company Limited (Dormant), Company no. 6795515 and The Third Sector Bidding Company Limited (Dormant), Company no. 5944398.

d) Going concern

At the financial year end SIB had net liabilities of £162k. This was principally due to a timing difference in relation to the ICRF fund: the grant liability on the fund was in excess of cash drawn down on the fund creating a net liability of £1.6m. Excluding the effects of this, SIB has net assets of £1.7m.

The Directors have prepared forecasts of the company's cash and capital positions for the period ending September 2014, eighteen months from the date of these financial statements. Similar forecasts have also been prepared assuming stressed but plausible scenarios. The Directors consider the cash and reserves position of SIB to be sufficient to support the company for at least twelve months from the date of signing these financial statements taking into account the value and length of the Fund management and other contracts in place and for this reason continue to adopt the going concern basis in preparing the annual financial statements.

e) Consolidated financial statements

The Company is a wholly owned subsidiary of The Adventure Capital Fund (ACF) and is included in the consolidated financial statements of ACF which are publicly available. Consequently, the Company had taken advantage of the exemption from preparing consolidated financial statements under the terms of section 400 of the Companies Act 2006.

f) Cash flow statement

The company has taken advantage of the exemptions under Financial Reporting Standard (FRS) 1 'Cash flow Statements' from preparing a cash flow statement as it is a wholly owned subsidiary and ACF's consolidated financial statements include the cashflows of the Company.

g) Income

All income relating to Fund Management is accounted for on an accruals basis. A performance bonus income is accounted for as SIB becomes entitled to that income which is earned when the performance targets are achieved. If an invoice is raised which relates to a future period the amount in relation to the future period is deferred and included within creditors.

h) Cost of sales

These are the costs incurred by the company in managing the Funds and are recognised in the year in which the activity takes place. Up until the 30 November 2012, all fund management activity necessary to deliver against the Futurebuilders Fund, Modernisation Fund, Social Enterprise Investment Fund, Communitybuilders Fund, the Social Action Fund, the All Wales Credit Union Support Programme and Investment Readiness contracts were sub-contracted to FBE, a wholly owned subsidiary of SIB. Following the transfer of the business, assets and liabilities from FBE to SIB Ltd on 30 November 2012 (see note 2 for further detail), the sub-contract with FBE was terminated.

The Social Investment Business Limited

Notes to the Financial Statements (continued) for the year ended 31 March 2013

i) Defined contribution pension schemes

The Company operates a defined contribution pension scheme. Contributions to the defined contribution pension scheme are recognised as an expense in the Profit and Loss Account as incurred.

j) Operating leases

Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

k) Taxation

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

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

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

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

l) 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 Profit and Loss Account 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:

Leasehold fixtures and fittings	5 years (20% per annum)
IT and office equipment	3-5 years (20% - 33% per annum)

The residual value and useful life of an asset is reviewed and adjusted if applicable at each financial year end.

m) Investments

The Company recognises its interests in SSC and FBE at cost less impairment.

n) Value Added Tax (VAT)

All items in the financial statements are stated exclusive of VAT, except for debtors and other receivables and creditors and other payables, which are presented on a VAT inclusive basis.

The net amount of VAT recoverable from or payable to HM Revenue & Customs (HMRC) is included in debtors or creditors in the balance sheet.

Commitments and contingencies are disclosed exclusive of VAT.

2. Transfer of business: assets and liabilities from Futurebuilders England Limited to the Social Investment Business Limited

On 30 November 2012, the business assets and liabilities not related to the Futurebuilders and Modernisation funds were transferred from Futurebuilders England Limited to the Company. Futurebuilders England Limited is a subsidiary of The Social Investment Business.

The consideration payable for the assets and goodwill was the assumption of the liabilities and the sum equal to the value of the net assets transferred. The fair values of the assets and liabilities are considered to be equal to the book value. These were as follows:

	Total fair value at 30 November 2012 £ 000
Tangible fixed assets	8
Intangible fixed assets	1
Debtors	883
Cash at bank and in hand	1,815
Creditors: amounts falling due within one year	(530)
Grants payable (ICRF)	(131)
	<u>1,846</u>

As part of the transfer, the employment contracts of 53 employees were transferred from Futurebuilders England Limited to The Company. The associated staff and board costs incurred by SIB therefore relate to the four month period from 30 November 2012 to 31 March 2013.

The pension scheme operated by FBE was transferred to The Company. The pension cost disclosed in the financial statements relates to the four month period from 30 November 2012 to 31 March 2013.

As part of the transfer, FBE transferred all of its commitments under operating leases to the Company.

The Social Investment Business Limited

Notes to the Financial Statements (continued)
for the year ended 31 March 2013

3 Turnover

	2013 £ '000	2012 £ '000
<i>Futurebuilders Fund</i>		
Management Charge	1,000	1,000
	<u>1,000</u>	<u>1,000</u>
<i>Social Enterprise Investment Fund</i>		
Management Charge	2,004	2,060
Performance Bonus (includes indexation payment)	257	67
	<u>2,261</u>	<u>2,127</u>
<i>Communitybuilders Fund</i>		
Management Charge	925	1,002
Performance Bonus	17	33
	<u>942</u>	<u>1,035</u>
<i>Welsh Assembly Government</i>		
Management Charge	227	251
<i>Social Action Fund</i>		
Management Charge	234	267
<i>Investment Readiness</i>		
Management Charge	88	29
<i>DCLG - Right to Bid</i>		
Management Charge	181	
<i>DCLG - Right to Challenge</i>		
Management Charge	387	
Big Lottery income	41	2
Total fund management income	<u>5,351</u>	<u>4,711</u>
<i>Investment Readiness</i>		
Fund income	1,037	

The turnover shown above has all been generated in the United Kingdom

The Social Investment Business Limited

Notes to the Financial Statements (continued)
for the year ended 31 March 2013

4 Cost of sales

	2013 £ '000	2012 £ '000
<i>Futurebuilders Fund</i>		
Management Charge	667	1,000
	<u>667</u>	<u>1,000</u>
<i>Social Enterprise Investment Fund</i>		
Management Charge	1,557	2,065
Performance Bonus	-	62
	<u>1,557</u>	<u>2,127</u>
<i>Communitybuilders Fund</i>		
Management Charge	618	1,002
Performance Bonus	-	33
	<u>618</u>	<u>1,035</u>
<i>Welsh Assembly Government</i>		
Management Charge	153	251
<i>Social Action Fund</i>		
Management Charge	162	267
<i>Investment Readiness</i>		
Management Charge	59	29
<i>DCLG - Right to Bid</i>		
Management Charge	107	
<i>DCLG - Right to Challenge</i>		
Management Charge	280	
	<u>3,603</u>	<u>4,709</u>

4 Fund costs

	2013 £ '000	2012 £ '000
<i>Investment and Contract Readiness</i>		
Grants offered	<u>2,747</u>	

5 Administrative and operational expenses

	2013 £ '000	2012 £ '000
Staff costs	830	-
Other direct cost	167	31
Other consultancy	201	
Business consultants - investee support	147	
Restructure costs	148	
Premises and operational	97	
Operating leases for land and buildings	56	
Board and investment committee costs	44	
Auditors remuneration - audit services	18	4
Legal and other professional	18	-
Depreciation	2	
Internal audit	2	-
Auditors remuneration - non audit services	24	2
	<u>1,754</u>	<u>37</u>

The administrative and operational expenses above relate to the period following the transfer of the business assets and liabilities from FBE to SIB on 30 November 2012 (see note 2 for further detail)

The Social Investment Business Limited

Notes to the Financial Statements (continued) for the year ended 31 March 2013

6 Staff costs

In 2012 SIB had one member of staff and up until the date of transfer (see Note 2 for further details), payments to staff and to the Board as remuneration for their services were incurred by Futurebuilders England Limited

	2013 £'000	2012 £'000
Wages and salaries	657	-
Social security costs	71	-
Other pension costs	102	-
	<u>830</u>	<u>-</u>
Highest Paid Director		
Emoluments	37	100
Pension	7	-

Pensions

SIB 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 6.79%, 9.08% and 11.33% depending on the level of employee contribution (2012: Nil)

The assets of the schemes are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable under the scheme by the company to the fund.

Up until the 30 November 2012 (the date of transfer as outlined in note 2 above) the monthly average number of Full Time Equivalent Employees was one. From the period from 1 December 2012 to 31 March 2013 the monthly average number of Full Time Equivalent Employees was as follows:

	2013 Number	2012 Number
Operational staff	41	-
Management staff	8	1
	<u>49</u>	<u>1</u>

Senior employees salary range

	2013 Number	2012 Number
£60,000 - £89,999	3	-
£90,000 - £99,999	-	-
£100,000 - £109,999	1	1
	<u>4</u>	<u>1</u>

The pension contributions for the above senior employees staff totalled £22,375 during the period (2012: £Nil). The contributions are made on a salary sacrifice basis. The number of senior employees to whom retirement benefits are accruing under the defined contribution scheme is 5 (2012: none).

Outstanding pension contributions for the Company at the year end were £30,309 (2012: £Nil).

During the year no compensation was made to directors for loss of office (2012: £Nil).

7 Board and Investment Committee Costs

Board and investment committee costs are payments to the board as remuneration for their services. Up until 30 November 2012, board and committee costs were incurred by FBE. Following the transfer (outlined in note 2) the costs were incurred by SIB. Total board and investment committee costs were £36,000 (2012: £Nil) of which Sir Stephen Bubb is the highest paid at £11,667 (2012: £Nil).

8 Tax on loss on ordinary activities

	2013 £'000	2012 £'000
Loss on ordinary activities before taxation	(353)	(34)
Tax at 20% (2012: 20%) thereon	71	7
Effects of:		
Income not taxable for tax purposes	487	-
Expenses not deductible for tax purposes	(550)	-
Capital allowances in excess of depreciation	-	-
Movement in short term timing differences	(18)	-
Utilisation of tax losses	-	(7)
Tax at marginal rates	(2)	-
Adjustments in respect of the prior period	24	14
Actual current tax (charge)/ credit	<u>(8)</u>	<u>14</u>

Factors that may affect the future tax charge

A potential deferred tax asset of £19,000 exists at the year end (2012: £Nil) relating to fixed asset timing differences. This has not been recognised within the accounts.

The Social Investment Business Limited

Notes to the Financial Statements (continued) for the year ended 31 March 2013

9 Tangible Fixed Assets

	Leasehold Fixtures & Fittings £ '000	Office Equipment & IT £ '000	Total £ '000
Cost			
at 1 April	-	-	-
Disposal	-	-	-
Assets transferred from FBE	3	5	8
at 31 March	3	5	8
Accumulated depreciation			
at 1 April	-	-	-
Charge for the period	1	1	2
at 31 March	1	1	2
Net book value			
At 31 March 2013	2	4	6
At 31 March 2012	-	-	-

10 Investments

SIB acquired an 11.11% interest at a cost of £10,000 on 2 February 2010 in Third Sector Consortia Management LLP (No. OC347365) known as 3SC. The LLP is established to manage and deliver public and community services through its civil society collaborator and suppliers, promoting industry and commerce and supporting the community benefit activities of the Members, including promoting social welfare and health and providing assistance to unemployed and disadvantaged persons, children and young people.

Partner share of profits and losses for the year are treated as trading profit/loss on each partner respectively for corporation tax purposes. There are restrictions on dividend payments and no distribution of profits have been received by SIB.

There are no contingent liabilities arising from the group's involvement in the investment.

During the year ended 31 March 2010 FBE made a loan to 3SC for £1.5m through the Modernisation Fund. The balance outstanding on the loan at 31 March 2013 was £1.2m (2012 £1.5m). During the year SIB invoiced 3SC for consultancy services amounting to £2,400.

SIB was a 100% shareholder in two dormant companies.

The Social Investment Business Trading Company Limited, a dormant private company limited by one ordinary share of £1 incorporated in the UK, was acquired by SIB on 24 September 2009. The company was acquired to register and protect the name. The company was dissolved on 6 November 2012.

Third Sector Bidding Company Limited, a dormant private company limited by guarantee incorporated in the UK, was acquired by SIB on 11 December 2009. The company was acquired to support civil society businesses in bidding for winning and delivering public service contracts, also to improve the financial and strategic capability of the third sector. The company was dissolved on 6 November 2012.

11 Debtors	2013 £ '000	2012 £ '000
Trade debtors	294	152
Amounts owed by parent company	68	33
Grant owed by parent company	1,300	-
Other debtors	44	-
Prepayments	169	11
Corporation tax	-	11
Accrued income	54	67
	<u>1,919</u>	<u>304</u>

The Social Investment Business Limited

Notes to the Financial Statements (continued) for the year ended 31 March 2013

12 Creditors amounts falling due within one year

	2013 £ 000	2012 £ 000
Trade creditors	196	1
Amounts owed to FBE Ltd	1 846	265
Amounts owed to parent company	16	-
Taxation and social security	87	77
Other creditors	28	-
Deferred income	139	1
Accruals	434	4
Corporation tax	32	-
	<u>2,780</u>	<u>348</u>

13 Grants Payable

	In year 2013 £ 000	Cumulative 2013 £ 000
Grants payable at 1 April	-	-
Grants offered	3 878	3 878
Grants paid	(1,337)	(1,337)
Grants payable at 31 March within one year	<u>2,541</u>	<u>2,541</u>

All of the grants payable relate to the investment and Contract Readiness fund

14 Commitments under Operating Leases

On 30th November 2012 FBE transferred all of its commitments under operating leases to SIB Ltd (see note 2). Annual commitments under non-cancellable operating leases are as follows:

	Land and buildings £ 000	Other £ 000	Total £ 000
Annual commitment on leases expiring			
Within 1 year	13	3	16
Within 2 to 5 years	165	77	242
	<u>178</u>	<u>80</u>	<u>258</u>

The commitments principally relate to rent on the London office and the outsourced IT function

15 Profit and loss account

	2013 £ 000	2012 £ 000
Opening reserves brought forward	199	219
Loss for the period	(381)	(20)
Closing reserves carried forward	<u>(182)</u>	<u>199</u>

16 Related party transactions

On 30 November 2012, the assets and liabilities not related to the Futurebuilders and Modernisation funds were transferred from Futurebuilders England Limited to the Company. Futurebuilders England Limited is a subsidiary of the Company. Further details of the transaction are provided in Note 2.

SIB being a wholly owned subsidiary of ACF for which consolidated financial statements are publicly available has taken advantage of the exemption set out in FRS 6 'Related Party Disclosures' not to disclose any transactions with ACF or SIB's wholly owned subsidiary FBE.

Stephen Bubb is the Chair of both the ACF and SIB Boards. He is also Chief Executive of ACEVO. During the year SIB purchased services from ACEVO for £3 604 (2012: £49 462) of which £3 517 related to Stephen Bubb's PA.

Geoff Burnard was a member of the FBE Board until he resigned on 3 June 2013. He is also the Chief Executive of Investing for Good. SIB received £28k from Investing for Good for marketing, facility and office costs and paid £13.5k to Investing for Good for consultancy services.

Edward Lord is a member of the ACF and SIB Boards. He is also a non executive Director at Local Partnerships LLP. During 2012 SIB paid £145k to LLP in partner costs in delivering the SEIF contract.

Hugh Role is a member of the ACF Board. He is also a Director of Innovation at Locality. During 2012 SIB received £161k on the OCLG Right to Bid contract from Locality and paid £63k in partner costs to Locality on delivering the DCLG Right to Challenge Contract. Tiger 11 is a member of Locality. Tiger 11 received a loan from of £300 000 from ACF in 2009. A provision was made against the loan and associated accrued interest on the 31st March 2013 for £349 233.

Fred Worth is a member of the ACF and SIB Boards. He is also a Trustee of the Royal Mencap Society. The Royal Mencap Society was offered and advanced loans during 2010 from the Futurebuilders Fund and the Modernisation Fund. The balances outstanding on these loans at the year end were £1 901 571 and £225 000 respectively (2012: £2 008 308 and £337 500 respectively). During the year The Royal Mencap Society received a revenue grant of £487 941 (2012: £115 965) from the Social Action Fund. The total value of the grants at year end were £603 906.

Kevin Carey is a member of the SIB Board. He is also a consultant for AT Care. During 2011 AT Care received a loan of £300 000 which was written off on the 1st February 2013 (31 March 2012: £304 290). He is also a director for Humanity. During 2012/13 SIB paid Humanity £6 739 for braille translation costs.

SIB holds a 14.29% interest in Third Sector Consortia Management LLP (No. OC347365) known as 3SC at a cost of £10 000. SIB's interest increased from 11.11% to 14.29% during the year due to a reduction in the number of members. During 2010 3SC received a loan of £1 500 000 from the Modernisation Fund. The rate of interest charged on the loan is 3% and the loan has a capital repayment holiday of 24 months from 19 March 2010. The balance outstanding on the loan at year end was £1 212 967 (2012: £1 500 000). During the year a variation to the loan was agreed to allow the loan to be repaid over an extended two year period. During the year SIB invoiced 3SC for consultancy services amounting to £2 400.

The Social Investment Business Limited

Notes to the Financial Statements (continued) for the year ended 31 March 2013

17 Ultimate controlling party

ACF, a charity and company limited by guarantee and registered in the UK, is the ultimate parent undertaking and controlling party of the company. As ACF is the sole member they are the only parent undertaking to consolidate these financial statements. Copies of the consolidated financial statements of ACF can be obtained from the Company Secretary, ACF, 1st Floor, Derbyshire House, St Chad's Street, London, United Kingdom WC1H 8AG.

18 Guarantors

ACF (Charity number: 1117185) is the sole member of the company.

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

19 Statement of Trust for the Social Enterprise Investment Fund (SEIF) - Unaudited

Cumulative	Unaudited 2013 £ '000	Unaudited 2012 £ '000
Loans offered	18,899	13,372
Less loans disbursed	(18,781)	(13,488)
Total loan commitments	2,118	84
Grants offered	78,853	88,374
Less grants disbursed	(75,281)	(86,023)
Total grant payable	3,572	351
Total commitments at 31 March	5,690	435
Fund Management Statement	Unaudited 2013 £ '000	Unaudited 2012 £ '000
	Total	Total
Net Funds at 1 April	1	8
Inflows		
Grants received from funders - Capital	8,195	18,986
Grants received from funders - Resource	-	-
Grants refunded	385	426
	8,580	19,412
Income from investments received including bank interest net of charges	810	424
Loan amounts recovered	-	1
Loans repaid	1,495	819
	10,885	20,658
Outflows		
Grants disbursed - Capital	(4,594)	(12,324)
Loans disbursed - Capital	(3,293)	(3,534)
Grants disbursed - Resource	(2,674)	(4,805)
	(10,561)	(20,663)
Net Funds at 31 March (Department of Health)	125	1

Accrued interest receivable from investees at the year end 31 March 2013 was £232,985 (2012: £198,000).