

Futurebuilders England Fund Management Limited
(renamed The Social Investment Business Limited on 9 April 2010)

(A Company Limited by Guarantee)

Company no 6490609

Annual Report and Financial Statements
For the year ended 31 March 2010

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Futurebuilders England Fund Management Limited
(renamed The Social Investment Business Limited on 9 April 2010)
Annual Report and Financial Statements for the year ended 31 March 2010

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Futurebuilders England Fund Management Limited
(renamed The Social Investment Business Limited on 9 April 2010)

Officers and Professional Advisers

Company Registration Number	6490609
Date of Incorporation	01 February 2008
Registered Office	5th Floor 6 St Andrew Street London EC4A 3AE
Board of Directors	Michael Baker (resigned 22/12/09) Harriett Baldwin Christopher Banks (resigned 16/03/10) Stephen Bubb (Chair) Anthony Cann Kevin Carey Simon Davidson Rupert Evenett Manjeet Gill (resigned 14/12/09) Anne Longfield Robert Owen (resigned 28/05/10) Russell Peters John Tizard Anne Tutt Josephine Williams (resigned 06/08/09) Fred Worth
Company Secretary	Sue Peters (resigned 27/05/09) Julie Shorrock (appointed 28/05/09/resigned 01/06/10) Jane Newman (appointed 01/06/10)
Bankers	Bank of Ireland 20 Berkeley Square London W1J 6LL
Solicitors	Bates Wells & Braithwaite London LLP 2-6 Cannon Street London EC4M 6YH
Auditors	PricewaterhouseCoopers LLP Chartered Accountants Statutory Auditors 80, Strand London WC2R 0AF

**Futurebuilders England Fund Management Limited
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Officers and Professional Advisers (continued)

Members of Committees:

The Investment Committee

Mike Baker
Harriett Baldwin (Chair)
Christopher Banks (resigned 16/03/10)
Robert Banner
Anthony Cann
Peter Clarke
Simon Davidson
Craig Dearden-Phillips
Rupert Evenett
Kenneth Ibbett
Anne Tutt

The Audit and Compliance Committee

Kevin Carey (Chair)
Manjeet Gill (resigned 14/12/09)
Rob Owen (resigned 01/12/09)
Russ Peters
Fred Worth (appointed 24/06/09)
Anne Longfield (appointed 21/02/10)

Remuneration Committee

Rupert Evenett
Anne Longfield
Anne Tutt (appointed 01/09/09)
John Tizard (Chair)
Jo Williams (resigned 06/08/09)

**Futurebuilders England Fund Management Limited
(renamed The Social Investment Business Limited on 9 April 2010)**

Chairman's Report

The Directors of Futurebuilders England Fund Management Limited (FBEFM) are pleased to present our accounts for the year ended 31 March 2010. The company changed its name on 9 April 2010 to The Social Investment Business Limited. The annual report will refer to the Company as FBEFM.

As outlined in the Directors' Report 'Background and Legal Structure', FBEFM is part of the group of companies of which the Adventure Capital Fund (ACF) is the ultimate parent charity and immediate parent to FBEFM, the latter company being the parent of Futurebuilders England Limited (FBE). FBEFM and FBE have traded under the name 'The Social Investment Business' since 28 July 2009.

In my Chairman's statement in the last annual report I outlined the recent growth of FBEFM specifically winning the DoH's £100m Social Enterprise Investment Fund (SEIF) fund management contract last year. This growth was driven by our understanding of the very real difference finance and support can make to third sector organisations, and the difference a fund of scale could bring to the sector.

If 2008/09 was characterised by growth, this year has been characterised by continued growth accompanied by strong contract delivery and innovation. As mentioned in my last report, at the beginning of the year we were appointed to run the Office for Civil Society (OCS) c£9m Modernisation Fund (under the Futurebuilders Fund contract).

In total, FBEFM is contracted to deliver the fund management for three of the four major government funds under contract to the group – the Futurebuilders Fund, the Modernisation Fund and the Social Enterprise Investment Fund – and sub-contracts the delivery of these funds to FBE. The Communitybuilders Fund is managed by ACF.

Having been awarded the new contracts, we focused on delivery and through our sub-contract with FBE have performed extremely well against the challenging KPIs set by the Government departments for the funds under contract to FBEFM, exceeding a number of the KPIs. Details of these achievements are set out in the KPIs section. Through the fund management of loans, grants and business support we have helped hundreds of charities, social enterprises and community groups become stronger and more resilient – even in these challenging economic times. Both the Modernisation Fund and the Futurebuilders Fund, are now fully committed and as of 31 March we have met our commitment and/or disbursement targets for all the Funds.

**Futurebuilders England Fund Management Limited
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Chairman's Report (continued)

In September, almost a thousand people attended the launch of The Social Investment Business trading name - a clear demonstration of the growing interest in social investment. This growing interest has gone hand in hand with further significant evidence of the market for social finance. The group's activity over the last year has demonstrated both the huge unmet demand from the sector for social finance and the real difference finance and support can make to a wide variety of third sector organisations - large and small. The funds under the group's management have received up to £100m of enquiries every month and the independent evaluation of the Futurebuilders Fund, commissioned by OCS, and published by Sheffield Hallam University in March 2010, found strong evidence that the Futurebuilders investees' income growth significantly outperformed that of the control group, with savings to the public purse and without the additional service capacity displacing existing local provision in the vast majority of places.

This year has also been marked by continued innovation across the group as we have introduced and supported new ways of strengthening the sector and realising its potential, through for example the funding of a Social Impact Bond under the Futurebuilders England Fund. In addition, this year has seen us continue to attract funding and investment from commercial banks which otherwise would not have invested in the sector. Over the last year, we have brought significant additional money into the sector through co-funding deals.

All this activity is driven by our vision and our ambition for the sector. None of it would have been possible without the energy and commitment of the Board and Committees of FBEFM, the staff of FBE and the partners we work with.



Stephen Bubb
Chairman

 June 2010

**Futurebuilders England Fund Management Limited - Company no 6490609
(renamed The Social Investment Business Limited on 9 April 2010)**

Directors' Report

The Board of Directors of Futurebuilders England Fund Management Limited (FBEFM) present their report together with the audited financial statements for the year ended 31 March 2010 in accordance with statutory requirements and the company's governing documents

The company changed its name on 9 April 2010 to The Social Investment Business Limited. This Annual Report and Financial Statements will refer to the parent company as FBEFM

The Directors who held office during the year are listed on page 3

Background and Legal Structure

FBEFM is a private company limited by guarantee and member of the group of which The Adventure Capital Fund is the ultimate parent. The group is formed as follows

The Adventure Capital Fund (ACF) – charity and company limited by guarantee – sole member of

Futurebuilders England Fund Management Limited (which changed its name to The Social Investment Business Limited on 9 April 2010) – private company limited by guarantee – sole member of

Futurebuilders England Limited (FBE) - private company limited by guarantee

FBEFM is 100% shareholder in two dormant companies

The Social Investment Business Trading Company Limited - On 24 September 2009 FBEFM acquired The Social Investment Business Limited, a dormant private company limited by shares, from its solicitors Ward Hadaway by transfer of its £1 share capital at nil paid. The company was acquired to register and protect the name. Following a resolution by the Directors of FBEFM the name was changed to 'The Social Investment Business Trading Company Limited' (at the same time as FBEFM was renamed The Social Investment Business Limited) and was registered as such on 9 April 2010. This company remains dormant.

Third Sector Bidding Company Limited - On 11 December 2009 FBEFM was approved as the sole member of the dormant The Third Sector Bidding Company Limited and the current member resigned. The company, incorporated by FBEFM's solicitors under instruction, is a private company limited by guarantee. It was set up to support third sector businesses in bidding for, winning and delivering public service contracts, also to improve the financial and strategic capability of the third sector. This company remains dormant.

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

**Futurebuilders England Fund Management Limited - Company no 6490609
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Directors' Report (continued)

FBEFM holds fund management contracts as detailed below but does not employ any staff. It sub-contracts delivery of its funds under management to FBE. FBE employs the majority of the group's staff and is sub-contracted to deliver fund management for all the major government funds under contract to the group – the Futurebuilders Fund, the Modernisation Fund, the Social Enterprise Investment Fund and the Communitybuilders Fund. The three former contracts are sub-contracted by FBEFM and the latter by ACF. Over the next year, 2010/11, the total management fee income for the FBEFM contracts is c£6.1m.

FBEFM retains governance rights over FBE through its non-Executive Board, Audit and Compliance Committee and Remuneration Committee.

Contracts/Agreements for Fund Distribution and Fund Management are as follows:

Futurebuilders Fund - There are two agreements in place with the Cabinet Office in respect of the Futurebuilders Fund: one a services agreement with FBEFM for fund management, and the other a grant agreement with FBE for fund distribution.

Both commenced on 1 April 2008 and run to 31 March 2011. The former was made on 1 April 2008 and the latter on 5 February 2008. FBEFM sub-contracts management of the Fund to FBE with co-terminous start and end dates. The fund management services agreement provides for the Cabinet Office to extend the contract, if mutually agreed, and deliver an extension notice no later than six months before the expiry of the agreement. The Futurebuilders Fund commenced in April 2004 and was run by a consortium led by Charity Bank until its management was transferred to FBEFM in 2008 following an open tender.

Modernisation Fund - In 2009/10 the Cabinet Office awarded Futurebuilders England Fund Management Limited the management of the one-year Modernisation Fund. The grant and services agreements for the Futurebuilders Fund were amended to incorporate the new fund.

Social Enterprise Investment Fund (SEIF) - In 2008/09, FBEFM won an open tender to deliver the Department of Health Social Enterprise Investment Fund (SEIF). The contract between the Department of Health (DoH) and FBEFM for fund management incorporates fund distribution and is dated 5 March 2009. The three-year contract runs from 1 June 2009 (after transition period) to 31 May 2012. The sub-contract for delivery between FBEFM and FBE is co-terminous. A further sub-contract is in place between FBE and Local Partnerships UK LLP (LPUK) again co-terminous. LPUK are sub-contracted to develop and support the portfolio of fund investments in regard to NHS start-ups/spin-outs. The contract between DoH and FBEFM specifies that we act as agent for the SEIF in respect of funds distribution and, therefore, the investments are off-balance sheet.

**Futurebuilders England Fund Management Limited - Company no 6490609
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Directors' Report (continued)

During the year, FBE was one of two 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, and this clearly fits in with FBEFM and FBE's mission. 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'. The deed identifies eight initial members including FBE, all with an equal share of 12.5% and paying £10,000 capital each. Currently, there are 9 members with shares of 11.11% each. On 2 February 2010 FBE resigned as member and FBEFM was duly appointed in its place. This was to ensure that FBE remains solely for the purpose of fund management and fund distribution.

Objectives and Activities

The vision of FBEFM, is a strong, well capitalised and thriving third sector which enriches the lives of the people and the communities it serves. Our mission is to have a transformative effect on the sector, strengthening the sector at a strategic and organisational level, through support and increased access to ours and others' capital - creating large-scale, third sector public service delivery and enterprise.

FBEFM's principal activity is fund management for the Futurebuilders Fund, the Modernisation Fund and the SEIF, all of which are sub-contracted to FBE. FBE uses an 'engaged investor approach', providing support alongside loans and grants.

FBEFM is required to meet key performance indicators (KPIs) in respect of both the Futurebuilders Fund and SEIF contract by the contracting Government Departments – the Office for Civil Society (OCS) and the Department of Health respectively. All KPIs are for the calendar rather than financial year i.e. up until 31 December 2009. The KPIs are delivered through the sub-contract of the fund management to FBE.

The Futurebuilders Fund contract has three KPIs. These are around disbursement of individual investments within two years of commitment, the number of public service contracts won by investees, and customer satisfaction (as measured by an independent research agency). We performed particularly well on the key KPI – the number of public service contracts won, with almost triple the target number of contracts being awarded to investees i.e. 369 against the 130 target. We also met our target to disburse funds within two years of commitment. We only narrowly missed the very high customer satisfaction target set for the year at 80%, achieving 78%. This customer satisfaction level exceeds the 2008/2009 target of 75%.

KPIs for the SEIF contract were set for the number of start-ups, the number of growth organisations, the number of innovative products and services, customer satisfaction, and financial stability. We have met all these targets except the target on growth.

This has resulted in the payment of performance bonuses by OCS and the Department of Health.

**Futurebuilders England Fund Management Limited - Company no 6490609
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Directors' Report (continued)

Our objective for this next year is to implement plans to achieve a sustainable organisation through new business development, extending current contracts where possible and winning further business. The Board is focused on this and every fourth Board meeting is now dedicated to strategy. The strategy sub-committee is also working with the Executive of FBE in considering types of new business opportunities and particular tenders whilst considering fit with mission and also any financial risk.

Governance and decision making

During the period covered by these accounts, governance and management were covered by the Articles of Association of FBEFM, the Service Agreement between Cabinet Office and FBEFM, the Service Agreement between the Department of Health and FBEFM and the sub-contracts between FBEFM and FBE.

FBEFM has a non-executive Board, Investment Committee, Audit and Compliance Committee and Remuneration Committee which governs FBEFM and retains governance rights and a supervisory role over FBE, as defined in FBEFM's Board and Committee Handbook. Our Board and external Investment Committee has been selected through a rigorous process and combines significant sector, financial and business expertise. During the year Board meetings were increased from bi-monthly to approximately monthly to address the growth in business. Three sub-committees were in place during the year to continue to address key areas of challenge - strategy, recession, communications.

A new Company Secretary has been recruited to take up that office for each of the three companies in the group, start date 1 June. The role is intended to improve the governance of FBEFM and the whole group and will report to the Chair of the Board of FBEFM (also the Chair of the Board of Trustees of ACF).

Financial Review

The accounts of FBEFM include all income relating to the Service Agreements between Cabinet Office and Department of Health and FBEFM for the Fund Management of the Futurebuilders Fund (incorporating the Modernisation Fund) and SEIF contract, respectively, with costs of delivery included as a recharge from FBE. All transactions relating to the Futurebuilders Fund itself and the restricted investment element are subject to the Grant Agreement between Cabinet Office and FBE directly and, hence, are not reflected here. The SEIF is managed as Agent and the Funds are off balance sheet. Full detail can be found in the accounts of FBE, a copy of which can be requested from the Company Secretary of FBE.

FBEFM's Profit and Loss Account shows income for the year of £6.4m (2009: £4.2m) of which the majority of the increase of £2.2m relates to delivery of the SEIF - the contract commenced 1 June 2009. Of the £6.4m, £4.3m (2009: £4.1m) relates to the management of the Futurebuilders Fund. This income included a performance bonus of £61k and a contingency payment of £128k both of which were passed to FBE. The contingency amount was in response to extra costs being incurred by FBE to meet increased disbursement targets and without any end of year flexibility to carry funds forward. SEIF fund management income was £2.1m including transition costs of £218k and £53k performance bonus. Costs incurred are those of FBE in delivery of the funds. A gross profit of £54k is a result of efficiency savings on the Futurebuilders Fund.

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Directors' Report (continued)

Developments

2010/11 will be the second year we have held the contract for the SEIF Fund and our efforts will focus on continuing to commit and disburse these funds through FBE and their sub-contract with LPUK. FBE will also be disbursing the now fully committed Futurebuilders Fund.

We also intend to tender for a number of public sector fund management and business support opportunities as we seek to expand our commissioner base, specifically with regional development agencies and local authorities.

Related Parties

FBEFM, being a wholly owned subsidiary of ACF, for which consolidated financial statements are publically available, has taken advantage of the exemption set out in FRS 8 not to disclose any transactions with ACF or FBE.

Saeeda Ahmed is a member of the ACF Board. She is also the Chief Executive Officer of Trescom Limited. During the year, Trescom Limited received a grant of £19,800 from FBE.

Fred Worth is a member of the ACF and FBEFM Boards. He is also a Trustee of the Royal Mencap Society. During the year, the Royal Mencap Society was offered a loan of £2,200,000 (2009 Nil) from the Futurebuilders Fund, received a loan of £450,000 (2009 Nil) and a grant of £50,000 (2009 Nil) from the Modernisation Fund. The balance outstanding on the loan at the year end is £450,000 (2009 Nil).

Kevin Carey is a member of the FBEFM Board. He is also a consultant for AT Care. During the year AT Care received a grant of £99,194 (2009 Nil) from FBE.

Anne Longfield is a member of the FBEFM Board and is also the Chief Executive Officer of 4 Children. During the year a loan of Nil (2009 £500,000) and a grant of Nil (2009 £276,000) was invested in 4 Children by FBE, the balance outstanding on the loan at the year end is £412,594 (2009 £444,000).

Rob Owen was a member of the FBEFM Board until he resigned on 28 May 2010. He is also the Chief Executive Officer of St Giles Trust. During the year St Giles Trust received a development grant of Nil (2009 £33,000) and a loan of £500,000 (2009 Nil) from FBE. The balance outstanding on the loan at the year end is £500,000 (2009 Nil).

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Directors' Report (continued)

During the year FBEFM acquired a 11.11% interest at a cost of £10,000 in Third Sector Consortia Management LLP (No. OC347365), known as 3SC. There are nine members. During the year 3SC received a loan of £1.5m from FBE (Futurebuilders Fund) (2009 Nil) for the purpose of £1.3m working capital and £200k capital expenditure. The balance outstanding on the loan at year end is £1.5m (2009 Nil).

Risk Review

FBEFM's Audit and Compliance Committee has responsibility for reviewing the risks of both FBEFM and FBE and reporting on these to the Board of FBEFM to ensure proper management of the company and the delivery of the funds. We regularly review and mitigate against risk through FBE's risk assurance framework, internal and external audits, and our own board sub-committees dealing with specific areas of challenge. As FBE's executive and staff deliver all of FBEFM's current contracts we address operational risks through their processes. With respect to strategic risk, the Board and strategy sub-group focus on this and also work with FBE's senior management team.

Market Risk

Recession - There was concern at the beginning of the year that the economic downturn would continue to affect the sector with a potential reduced appetite for loan finance. To mitigate this risk, FBE (which is sub-contracted to deliver the fund management) continued to put efforts in to their Marketing and Business Development teams which proved to be successful. At the beginning of the year, FBE saw enquiry demand at £24m/month, rising up to £100m in some months. Also, loans were offered during the year with reduced interest rates. The result was that offers for loan finance from the Futurebuilders Fund increased during the year.

There is uncertainty about the extent and speed of the economic recovery in 2010/11 but with the Futurebuilders and Modernisation Funds both fully committed and the Modernisation Fund fully disbursed at the end of 2009/10, FBE will focus again on draw down of investments by beneficiaries. In addition FBE's pipeline of prospective investees sits at c£150m so we can see that the demand for social finance is still high.

Change in government policy - If existing funds are not in line with new Government policy this may have the same impact as above, i.e. ultimately reducing the sector's appetite for loans. There is also the chance that our own government contracts are not renewed, the Futurebuilders Fund contract coming up for renewal at the end of March 2011, although Cabinet Office have invited us to begin negotiations to extend the contract for portfolio management. We will try to mitigate against this risk further by ensuring that the extremely positive evidence collated on both the value of the Fund and our management of the Fund is communicated (for example the Sheffield Hallam report) but also we will focus on new areas of business opportunity in keeping with our mission.

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Directors' Report (continued)

Changes in the commissioning environment - During 2009/10 we saw little impact on our investees of a move towards fewer larger contracts. Over the coming year the commissioning environment is likely to tighten once public spending cuts are introduced by the new Government. However, with demand for finance currently exceeding supply, fall in demand is unlikely to pose a significant risk. Moreover, if 3SC, in which Futurebuilders England Fund Management Limited is a partner, continues to be successful at winning large contracts for smaller third sector organisations to deliver in consortia, these organisations are likely to need finance to deliver the contracts. One effect of fewer contracts could be the inability for other, consortia, investees to repay loans. Our engaged investor approach allows us to identify any investee organisations under pressure and, where appropriate, put in place a support package that will help them address their difficulties.

Annuality - As with last year, the Futurebuilders Fund and SEIF have defined quotas to be drawn in each financial year. As fund manager, sub-contracting to FBE, we need to ensure that these quotas are met. This brings a lessening in how flexible we can be when investees want to delay draw down. FBE continue to mitigate risk in two ways. First by driving demand so that there are more organisations that can draw funds within a defined period. Second, by working closely with applicants to ensure that they manage to draw down funds at the rate that was budgeted and that is consistent with annual targets.

Liquidity

Cash flow - Our contracts with Cabinet Office and The Department of Health allow us to draw down investment funds quarterly in advance and monthly in advance respectively. Management fee income is invoiced quarterly in advance. This means that we receive funds for loans and grants before we disburse them to investees, also that we receive management fee income before we make any payment to FBE and so cash flow remains positive.

Loss of income - All the contracts for which we have responsibility for service delivery identify service improvement events which if not rectified could lead to suspension or termination of the contracts. The main risk to all of our contracts is that we do not meet the commitment and disbursement targets and, in the case of Futurebuilders and SEIF, that we don't meet KPIs, in any one performance year. This year FBE were successful at meeting our commitment and disbursement targets and performed well against our KPIs.

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Directors' Report (continued)

In 2010/11 we expect the risk of not meeting our targets to be low because we predict high demand to continue, at least for the next year. Despite the risk being low, we are working with FBE to diversify income streams and have established a new business development and tendering team within FBE to win new contracts. This team and its work is supported by a strategy sub-group of FBEFM. We are also conscious of the potential risks associated with rapid growth and diversification. With respect to the former, FBE is focusing on improving internal processes and procedures and has begun ISO 9001 implementation. With the executive of FBE we are also looking at the resource needs across that organisation to ensure they, as sub-contractor, continue to deliver on our fund management contracts. With respect to diversification, FBE have introduced processes to ensure that the Board of FBEFM is content that the proposed new business is consistent with our mission and that the FBEFM Investment Committee has reviewed the financial risks.

Reputation

There are reputational risks associated with all the risks identified above. Quite appropriately, as managers of public funds, our performance is subject to scrutiny by external stakeholders and the media. We actively manage our reputation and brand through proactive relationship and stakeholder engagement, the development of specialist marketing and communications teams who work closely with other departments to ensure consistent external communications and effective rapid response, and the collation and presentation of the evidence of our impact.

Risk to Brand - There is a risk that our brand weakens as we diversify our activity – mitigated by making sure that as we diversify we make a conscious effort to ensure that our 'narrative' remains logical and consistent with our mission and vision. FBE's Communications and Marketing departments will work towards achieving this aim and brand is also a subject on the agenda of the FBEFM Board Strategy group.

Operational risk

Whilst, through FBE, we met the majority of our KPIs in this financial year there is a risk that, with imminent spending cuts, we do not achieve all of our KPIs in the forthcoming year. This would have an impact on our reputation as a deliverer. Managing this through FBE, they have begun to implement a system of performance management and this is one step to mitigating this risk. External factors, for example, investees not winning public service contracts are much harder to mitigate. One way in which FBE do this is through their due diligence process to ensure the quality of our investments addresses the organisation's capability for winning contracts.

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Directors' Report (continued)

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

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 those 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 maintenance and integrity of the Futurebuilders England website is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

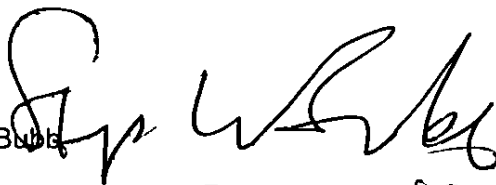
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Directors' Report (continued)

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website, the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by the Board of Directors of FBEFM 29th June 2010 and signed on their behalf

Signed on behalf of the Board of Directors'


Stephen Bubb
Chair
Date 29.6.10


Anne Tutt
Director
Date 29.6.10

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FUTUREBUILDERS ENGLAND FUND MANAGEMENT LIMITED

We have audited the financial statements of Futurebuilders England Fund Management Limited for the year ended 31 March 2010 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 15 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 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.

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 2010 and of its surplus 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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FUTUREBUILDERS ENGLAND
FUND MANAGEMENT LIMITED**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FUTUREBUILDERS ENGLAND
FUND MANAGEMENT LIMITED**

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
30 June 2010

Futurebuilders England Fund Management Limited
(renamed The Social Investment Business Limited on 9 April 2010)
Company no 6490609

Profit and Loss Account

for the year ended 31 March 2010

	Notes	2010 12 months £ '000	2009 14 months £ '000
Turnover			
Funds income	2	<u>6,372</u>	<u>4,216</u>
		6,372	4,216
Cost of sales			
Funds cost	3	<u>(6,318)</u>	<u>(4,125)</u>
		(6,318)	(4,125)
Gross profit		54	91
Administrative expenses	4	<u>(9)</u>	<u>(6)</u>
Net profit on ordinary activities		45	85
Other interest receivable		2	6
Gift aid to ultimate parent		<u>-</u>	<u>(38)</u>
Net profit on ordinary activities before taxation		47	53
Corporation tax	6	<u>2</u>	<u>(17)</u>
Profit on ordinary activities after taxation		<u>49</u>	<u>36</u>

There were no recognised gains or losses in the current financial year other than those contained within the Profit and Loss Account, and accordingly a separate Statement of Total Recognised Gains and Losses has not been presented. All operations are continuing.

The accompanying accounting policies and notes on pages 21 to 25 form an integral part of these financial statements.

Futurebuilders England Fund Management Limited
 (renamed The Social Investment Business Limited on 9 April 2010)
 Company no 6490609

Balance Sheet

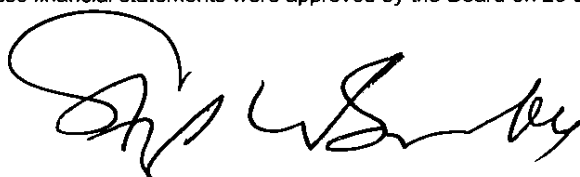
as at 31 March 2010

	Notes	2010 12 months £ '000	2009 14 months £ '000
Assets			
Investments	7	<u>10</u> 10	<u>-</u> -
Current assets			
Debtors	8	1,332	1,441
Cash at bank and in hand		<u>1,022</u>	<u>684</u>
		2,354	2,125
Creditors			
Creditors	9	(2,275)	(2,072)
Corporation tax		<u>(4)</u>	<u>(17)</u>
		(2,279)	(2,089)
Net current assets		75	36
Net assets		<u>85</u>	<u>36</u>
Capital and reserves	10		
Profit and loss account		<u>85</u>	<u>36</u>
Shareholders' Funds		<u>85</u>	<u>36</u>

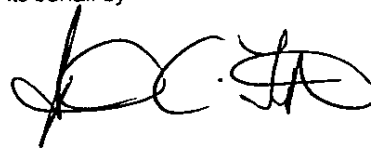
The accompanying accounting policies and notes on pages 21 to 25 form an integral part of these financial statements

These financial statements were approved by the Board on 29 June 2010 and were signed on its behalf by

Stephen Bubb
Chair


 29.6.10

Anne Tutt
Director 29.6.10



Futurebuilders England Fund Management Limited
(renamed The Social Investment Business Limited on 9 April 2010)

Notes to the Financial Statements
for the year ended 31 March 2010

1 Significant accounting policies

a) Reporting entity

Futurebuilders England Fund Management Limited (FBEFM) is a company limited by guarantee governed by the Companies Act 2006 and is domiciled in the United Kingdom. The company changed its name to The Social Investment Business Limited and this was registered at Companies House on 9 April 2010.

b) Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards and Companies Act 2006.

c) Subsidiary

FBEFM has a wholly owned subsidiary, Futurebuilders England Limited (Company no. 5066676) incorporated in the UK, registered address 5th Floor, 6 St Andrew Street, London, EC4A 3AE.

d) Going concern

The financial statements are prepared on a going concern basis based on the value and length of contracts in place. The Services Agreement with Cabinet Office for the Futurebuilders England Fund is dated 5 February 2008 and runs to 31 March 2011, c£4m fee for the coming year. The contract with Department of Health dated 5 March 2009, to deliver the Social Enterprise Investment Fund (SEIF), runs to 31 May 2012. SEIF Fund management income for the next two years is in excess of £2m per annum.

Based on consideration of different scenarios and relevant termination rights in the various fund management contracts and, in the case of the Futurebuilders Fund, the invitation to renegotiate for portfolio management beyond 31 March 2011, the Directors are of the view that it is appropriate to prepare the accounts on a going concern basis. If the SEIF Fund is reduced or terminated this does not adversely impact the going concern basis of preparation, only that the business will be a smaller organisation.

e) Cash flow statement / Consolidated accounts

FBEFM has a wholly owned subsidiary, Futurebuilders England Limited.

Futurebuilders England Fund Management Limited's parent is Adventure Capital Fund and as group consolidated accounts are being prepared, the company has taken the exemptions under FRS 1 from preparing a cash flow statement and under FRS 2 from preparing consolidated accounts, with Futurebuilders England Limited.

f) Income

All income relating to Fund Management is accounted for on an accruals basis. A performance bonus income is accounted for as FBEFM 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.

g) 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. All fund management activity necessary to deliver against the Futurebuilders and Modernisation Funds and the Social Enterprise Investment Fund has been sub-contracted to Futurebuilders England Limited, a wholly-owned subsidiary of FBEFM. Both sub-contracts for fund management are co-terminous with the respective main government contracts.

Futurebuilders England Fund Management Limited
(renamed The Social Investment Business Limited on 9 April 2010)

Notes to the Financial Statements (continued)
for the year ended 31 March 2010

h) Taxation

Income 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 income 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

i) Investments

The Company recognises its interest in 3SC at cost less impairment

j) 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. Where VAT is not recoverable as input tax then it is recognised as part of the related asset or expense

The net amount of VAT recoverable from, or payable to, Her Majesty Revenue and Customs (HMRC) is included in debtors or creditors in the balance sheet

Commitments and contingencies are disclosed exclusive of VAT

2 Turnover

	2010	2009
	12 months	14 months
	£ '000	£ '000
<i>Futurebuilders Fund</i>		
Management Charge	4,115	3,815
Performance Bonus	61	76
Transition Income	-	229
Contingency Share	128	20
	<u>4,304</u>	<u>4,140</u>
<i>Social Enterprise Investment Fund</i>		
Management Charge	1,796	-
Performance Bonus	53	-
Transition Income	218	76
	<u>2,067</u>	<u>76</u>
Other income	1	-
	<u>6,372</u>	<u>4,216</u>

3 Cost of sales

Fund management and transition relating to the Futurebuilders Fund (including the Modernisation Fund) and the Social Enterprise Investment Fund are sub-contracted to Futurebuilders England Limited therefore the fund management costs relate to FBEs service charge

Futurebuilders England Fund Management Limited
(renamed The Social Investment Business Limited on 9 April 2010)

Notes to the Financial Statements (continued)
for the year ended 31 March 2010

4 Administration expenses

	2010	2009
	12 months	14 months
	£ '000	£ '000
Auditors' remuneration - audit services	6	4
Auditors' remuneration - non audit services	9	-
Other Admin cost	(6)	2
	<u>9</u>	<u>6</u>

5 Staff and board costs

Futurebuilders England Fund Management Limited do not employ staff, as all staff are employed by Futurebuilders England Limited. Payments to the Board as remuneration for their services are recharged to Futurebuilders England Limited as part of the management charge. Total board costs are £182,000 (2009 £121,000) of which Stephen Bubb is the highest paid at £33,500 (2009 £25,000).

6 Taxation - Factors affecting the current tax charge for the period

	2010	2009
	12 months	14 months
	£ '000	£ '000
Incoming resources	<u>47</u>	<u>53</u>
Tax at 21% (2009 21%) thereon	10	15
Effects of		
Expenses not deductible for tax purposes	-	2
Over charge in prior period	(12)	-
Actual current tax charge	<u>(2)</u>	<u>17</u>

There is no deferred tax arising

7 Investments

Futurebuilders England Fund Management Limited 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 third sector 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.

3SC made a loss in its first year of £228k (unaudited) but the 3SC Board has resolved to transfer this to reserves rather than to request capital cover from the partners, as provided in the partnership deed. 3SC is managing a DWP contract, the Future Jobs Fund, for £20m (initial value).

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

There are no transactions during the year between FBEFM and 3SC and no amounts owing at the year end. FBE made a loan offer during the year to 3SC for £1.5m and £1.5m had been disbursed at 31 March 2010.

FBEFM is 100% shareholder in two dormant companies.

The Social Investment Business Trading Company Limited, a dormant private company limited by shares of £1 incorporated in the UK, was acquired by FBEFM on 24 September 2009. The company was acquired to register and protect the name.

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

Futurebuilders England Fund Management Limited
(renamed The Social Investment Business Limited on 9 April 2010)

Notes to the Financial Statements (continued)
for the year ended 31 March 2010

8 Debtors		2010	2009
		12 months	14 months
		£ '000	£ '000
Trade debtors		781	1,428
Prepayments		551	-
Amounts owed by group undertakings		-	13
		<u>1,332</u>	<u>1,441</u>
9 Creditors amounts falling due within one year		2010	2009
		12 months	14 months
		£ '000	£ '000
Amounts owed to group undertakings		1,445	664
Other taxation and social security		270	198
Deferred income		551	1,166
Accruals		9	44
		<u>2,275</u>	<u>2,072</u>
10 Capital and reserves		2010	2009
		12 months	14 months
		£ '000	£ '000
Reserves brought forward		36	-
Profit for the period		49	36
Closing reserves carried forward		<u>85</u>	<u>36</u>

11 Related party transactions

FBEFM, being a wholly owned subsidiary of ACF, for which consolidated financial statements are publically available, has taken advantage of the exemption set out in FRS 8 not to disclose any transactions with ACF or FBE

Saeeda Ahmed is a member of the ACF Board. She is also the Chief Executive Officer of Trescom Limited. During the year, Trescom Limited received a grant of £19,800 from FBE.

Fred Worth is a member of the ACF and FBEFM Boards. He is also a Trustee of the Royal Mencap Society. During the year, the Royal Mencap Society was offered a loan of £2,200,000 (2009 Nil) from the Futurebuilders Fund, received a loan of £450,000 (2009 Nil) and a grant of £50,000 (2009 Nil) from the Modernisation Fund. The balance outstanding on the loan at the year end is £450,000 (2009 Nil).

Kevin Carey is a member of the FBEFM Board. He is also a consultant for AT Care. During the year AT Care received a grant of £99,194 (2009 Nil) from FBE.

Anne Longfield is a member of the FBEFM Board and is also the Chief Executive Officer of 4 Children. During the year a loan of Nil (2009 £500,000) and a grant of Nil (2009 £276,000) was invested in 4 Children by FBE, the balance outstanding on the loan at the year end is £412,594 (2009 £444,000).

Rob Owen was a member of the FBEFM Board until he resigned on 28 May 2010. He is also the Chief Executive Officer of St Giles Trust. During the year St Giles Trust received a development grant of Nil (2009 £33,000) and a loan of £500,000 (2009 Nil) from FBE. The balance outstanding on the loan at the year end is £500,000 (2009 Nil).

Futurebuilders England Fund Management Limited
(renamed The Social Investment Business Limited on 9 April 2010)

Notes to the Financial Statements (continued)
for the year ended 31 March 2010

11 Related party transactions (continued)

During the year Futurebuilders England Limited acquired a 12.5% interest at a cost of £10,000 in the newly formed Third Sector Consortia Management LLP (No. OC347365), known as 3SC. There were eight initial members and a ninth member later joined reducing the interest to 11.11%. The company sold its interest before the year end and Futurebuilders England Fund Management Limited acquired the interest. During the year 3SC received a loan of £1.5m from FBE (Futurebuilders Fund) (2009 Nil) for the purpose of £1.3m working capital and £200k capital expenditure. The balance outstanding on the loan at year end is £1.5m (2009 Nil).

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 duration of any discussion of 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.

12 Ultimate controlling party

Adventure Capital Fund, a charity and company limited by guarantee and registered in the UK, is the parent undertaking of the Company. As Adventure Capital Fund is the sole member they would undertake to contribute a sum not exceeding £1 to the assets of the company if it is wound up. Copies of the consolidated financial statements of Adventure Capital Fund can be obtained from the Company Secretary, Adventure Capital Fund, 5th Floor, 6 St Andrew Street, London, EC4A 3AE.

13 Guarantors

Adventure Capital Fund (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.