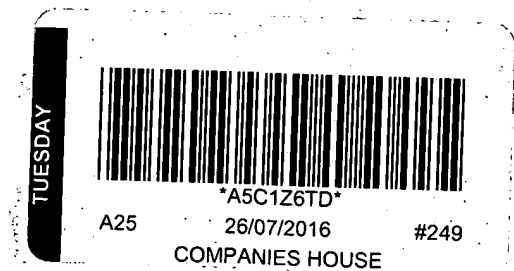


Social Investment Business Limited

(A Company Limited by Guarantee)

Annual Report and Financial Statements For the year ended 31 March 2016



Company no 6490609

Social Investment Business Limited

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1. Directors Report
2. Objectives and Activities
3. How did we do?
4. Future Developments
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Appendix 1

Officers and Professional Advisors

Committee's and Members

1. Directors Report

The Directors of Social Investment Business Limited present their report together with the audited financial statements for the year ended 31 March 2016.

2. Objectives and Activities

Social Investment Business (the Group), comprises Social Investment Business Limited (SIB Limited), the Social Investment Business Foundation (SIB Foundation, formerly called the Adventure Capital Fund - ACF, the Group's parent charity) and Futurebuilders England Limited (FBE), of which SIB Limited is the sole member and which holds the investments relating to the Futurebuilders and Modernisation Funds.

SIB Limited, the trading subsidiary of the SIB Foundation, plays a key role in the delivery of the Group's strategy.

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

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

SIB Foundation has pioneered the use of loan and grant finance and support in making investments in community organisations. We are committed to making more simple finance available for charities and social enterprises, and finding new ways to connect capital to social impact.

SIB Foundation manages the Adventure Capital Fund and the Communitybuilders Fund, both of which invest in community based social enterprises. SIB Foundation is also the parent company of SIB Limited, which holds and delivers fund management contracts on behalf of third parties, mainly government departments, and FBE, which holds the assets of the Futurebuilders and Modernisation Funds. Collectively, the group of companies is referred to as the Social Investment Business (SIB). The Foundation is also in partnership with Social and Sustainable Capital (SASC).

Vision

Our vision is of a robust and thriving civil society, well funded and capitalised, that enriches the lives of the people and communities it serves.

Mission

Our mission is to connect capital to social impact in three ways:

- To provide simple finance solutions for extraordinary charities and social enterprises to help them grow and increase their impact.
- To create financial products which encourage mainstream investors to recognise the value of investing for social impact alongside financial return.
- To innovate and act as a catalyst in the growth of the social investment market.

The Group's objectives for the year 2015/16 were:

- 2.1 Carefully manage our existing portfolios.
- 2.2 Ensure our new loan funds are successful.
- 2.3 Continue to enhance our leading position in funding Investment Readiness and managing other grant programmes.
- 2.4 Continue to raise our profile with policy makers.
- 2.5 Develop new products and offerings to support our mission in the future.

STRATEGIC REPORT

3. How did we do?

This section of the report details the progress we made against our 5 key objectives for the year, each of which is detailed below:

3.1. Carefully manage our existing portfolios

During the year, we disbursed an additional £381k in loans from our own and managed loan funds. We also collected £7.1m from loan repayments. As at 31 March 2016, we had outstanding loans of £50m. In both the Adventure Capital Fund and Futurebuilders Fund, during 2015/16 we surpassed the 50% repayment point, meaning that over 50% of the original loans had been repaid.

3.2. Ensure our new loan funds are successful

The Liverpool City Region Impact Fund aims to invest its full budget of £1.88m by 30 June 2016. To date we have received 103 expressions of interest totaling £7.5m and approved investments totaling £1.3m.

3.3. Continue to enhance our leading position in funding Investment Readiness and managing other grant programmes

Our work in impact readiness continues in its successful vein. An independent report published in October 2015 on the Cabinet Office funded ICR Fund, stated that the Fund was a pioneer in this space with most organisations suggesting that this type of support

led to sustained changes in enabling them to bid and win contracts and led to a strengthening of the provider market. In total, the Fund provided grants of £13.2m which led to further funding for those organisations of £233m, a return of £18 for every £1 invested.

During 2015/16 we distributed £12.3 of grants which we managed through the following grants programmes:

- Big Potential Breakthrough/ Advanced
- Child Investment Readiness Fund
- Power to change

3.4. Continue to raise our profile with policy makers

Ahead of the 2015 General Election, we worked with the Social Economy Alliance and other partners to ensure that the importance of the social economy and social investment was recognised within each of the main parties' manifestos.

Following the election, we have continued to engage with policymakers from the main political parties. We held fringe events at the Conservative and Labour party conferences, we have engaged with Ministers and Senior Civil Servants on the design of future programmes and how they can best meet the needs of social economy organisations and fed into several consultations to share how social investment can help policy makers address specific policy issues including the HMT Spending Review and the DCMS Sports Strategy.

3.5. Develop new products and offerings to support our mission in the future

We continually update and refine our product offering throughout the year to match the current and future needs of our investees through our process of continual feedback. Towards the end of the year we embarked on an exciting pilot with the Department for International Development to develop an investment readiness programme in Kenya and East Africa. The pilot was deemed successful and we are waiting for news on a full implementation and possible expansion into West Africa and South East Asia. This is our first substantive work overseas.

4. Future Developments

In March 2016, we presented a three year Corporate Plan which was approved by our Board for both SIB Foundation and SIB Limited. This plan set out clearly our theory of change and through an agreed strategy, a number of measureable objectives for the forthcoming year, upon which we will be held to account.

These form our hierarchy of objectives and ensure that all our activities contribute towards achieving our vision and mission. The plan is available on our website: www.sibgroup.org.uk.

The overall objectives agreed for the forthcoming 12 months in which SIB Limited will have a part in delivery are as follows:

- We will protect the Foundation's assets so that we can invest in high impact social investment initiatives.

- We will make better use of our data and improve our impact measurement in order to improve our products, services and processes.
- We will invest in our people and improve our systems so we have the right tools in place to achieve our vision.
- We will drive business development in order to deliver a diverse range of programmes for the benefit of social sector organisations.
- We will develop policy and influence decision makers to increase the flow of money to social sector organisations.
- We will deliver a high level of customer service and improve the customer journey for those applying to our funds.

We will be reporting back to our staff, Board and interested parties on how we are doing through our agreed Key Performance Indicators, quarterly, and anticipate updating our annual achievement through this report next year.

In addition to the new Corporate Plan, we have also recruited a new Chair and two new Non-Executive Directors onto our board following the planned retirement of Stephen Bubb, Fred Worth and Anthony Cann. Further details can be found on our website.

5. Main Strategic Risks

SIB Group maintains a group risk register which identifies the key strategic risks facing the organisation as a whole. This register is a working document and discussed and reviewed at the monthly management team meetings and then again at both the Audit and Risk Committee and Joint Board when they meet. The risk register is updated to reflect recent operational and financial developments, strategic objectives and changes in the external environment. Each risk is analysed according to its perceived potential impact, likelihood of occurrence together with actions that have or will be taken in mitigation.

At the time of the publishing of this report, the risk register listed our top 12 items of concern. These can be grouped roughly into the following areas:

- Data quality, systems and staff.
- Performance of our funds and those that we manage for others.
- Policy and support for the sector.
- New business targets are missed.

For SIB Limited, the most significant risk is that around new business, particularly in 2016/17 with increased targets.

The Directors are satisfied that there are procedures in place commensurate with these key risks to prevent or manage their effects. These procedures include the active monitoring and updating of control systems and procedures to ensure we are managing and taking appropriate action to changes in risk profile. Where appropriate, financial provision will be made on the

balance sheet, reserves set aside or financial plans updated as necessary. In addition, the internal audit plan is developed and implemented each year based on these risks. Progress against this plan and reports from our internal audit partner Grant Thornton are monitored by the Audit and Risk committee.

FINANCIAL REPORT

6. Going Concern

At the financial year end, SIB Limited had net assets of £1.275m (2015 net assets of £1.527k). The Directors consider the cash and reserves position of SIB Limited 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.

In addition, the Joint Board discussed and agreed the Three Year Corporate Business Plan based on information presented at the January Board meeting showing a number of financial scenarios over the next 8 years for the group. These scenarios set out very clearly the expected operating cashflows and the underlying financial stability of the group and individual organisations within the Group.

7. This year's performance

2015/16 for SIB Limited was a transition year with a planned deficit of £209k whilst the organisation created new business opportunities and a new strategy for sustainable growth. Throughout the year it became evident that several grant contracts entered into in previous years were not covering their costs for a variety of reasons, this is something that both the Directors and Board are aware. New costing models, protocols and controls are now in place to ensure that any future work undertaken covers its costs and contributes towards the overheads.

Income for the year was £3.2m which included £728k of new business targets that were successfully achieved throughout the year including extensions to existing contracts and new opportunities.

Expenditure remained flat at £3.45m with an additional expense of £45k which was agreed by the Directors to pay for a move from Kings Cross to London Bridge, offering more flexible and cost effective accommodation.

The majority of the expenditure is covered by staff costs which account for 60% of total costs. This is closely monitored by the Directors and strict controls are in place regarding recruitment and retention.

The cash position of SIB Limited remains strong at £1.5m. This is all in unrestricted cash, please refer the going concern note later on in this report.

Details of SIB and FBE's individual financial statements can be obtained from the Company Secretary of SIB and FBE at 2nd Floor, Can Mezzanine, 7-14 Great Dover Street, London SE1 4YR.

8. Structure, Governance and Management

Background and Legal Structure

The Group is formed as follows:

SIB Foundation – the ultimate parent company, a charity and company limited by guarantee

SIB Limited is a private company limited by guarantee who has the SIB Foundation as its sole member.

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

SIB Limited has a Board comprising ten Non-Executive Directors.

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

Jonathan Jenkins	Chief Executive
Caroline Forster	Director of Investments
Paul Green	Director of Finance and Corporate Resources (from 8 June 2015)
Vinay Nair	Director of Business Development (Until March 31st 2016)

Details of the Directors who served during the year and up to the date of signing the financial statements are shown in appendix 1 of this report. Seven Directors are also Trustees of SIB Foundation.

Public Benefit Statement

The Directors of SIB Limited have considered the Charity Commission's general guidance on public benefit when reviewing our aims and objectives and in planning our future activities. We are mindful of the need to ensure that all funds and activities will deliver public benefit and help us to meet our aims and objectives

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

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

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

Statement of Directors Responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit and loss for that period.

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

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

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

Related parties

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

Disclosure of Information to Auditors

In so far as the directors are aware:

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

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

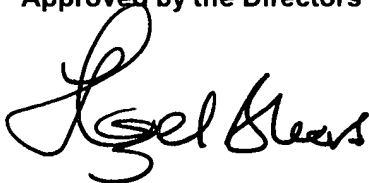
9. Treasury investment policy

SIB Foundation and the Group as a whole operate with a Treasury Management Policy, based on four key principles of Compliance, Security, Access and Yield, meaning that investments are protected, access is facilitated and, lastly, returns are optimised.

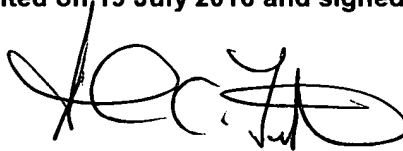
SIB Foundation has a number of bank accounts across which funds are deposited to spread risk. Our policy limits a maximum of £10m in any individual bank which must be AA rated in line with our key principle of security for our assets. These limits were last reviewed and agreed at the Audit and Risk Committee on 23 February 2016. Any funds in excess of £10m at any one institution are also reviewed regularly at the Audit and Risk Committee and action agreed.

Because we hold assets on behalf of funds that are not our own such as the Futurebuilder's money that needs to be returned to the Cabinet Office, we have significant amounts of money held in cash. This money can be called upon to be disbursed or returned to its owners at short notice.

Approved by the Directors of SIB Limited on 19 July 2016 and signed on their behalf.



Hazel Blears
Chair



Anne Tutt
Vice Chair

Officers and Professional Advisers

Company Registration Number: 6490609

Date of Incorporation: 1st February 2008

Registered Office: CAN Mezzanine, 2nd Floor, 7 – 14 Great Dover Street, London SE1 4YR

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

Until 31.03.16

Sir Stephen Bubb (Chair)
Anthony Cann
Fred Worth

Throughout

Crispin Blunt
Louise Keeling
Edward Lord OBE JP
Jeremy Newman
Richard Pelly OBE
Anand Shukla
Anne Tutt (Vice Chair)

From 01.04.16

Hazel Blears
Jim Rice
Julie Currie
Jenny North
Jeremy Nicholls

Chief Executive: Jonathan Jenkins

Company Secretary: Jonathan Jenkins (Until July 2015)
Paul Green (From July 2015)

Bankers: Barclays Bank PLC, One Churchill Place, London E14
5HP

Solicitors: Russell – Cooke, 2 Putney Hill, London SW15 6AB

Independent Auditors: BDO LLP
Chartered Accountants and Statutory Auditors
2 City Place, Bee Hive Ring Road, Gatwick
West Sussex, RH6 0PA

During the year the following Board Sub -Committee Structure was in place:

SIB Assets & Liabilities Committee

Group Audit & Compliance Committee

Group Finance Committee

Group Remuneration Committee

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SOCIAL INVESTMENT BUSINESS LIMITED

We have audited the financial statements of Social Investment Business Limited for the year ended 31 March 2016 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).

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

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities, 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 Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

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 2016 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 matters prescribed by the Companies Act 2006

In our opinion the information given in the directors' report, which includes the strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements.

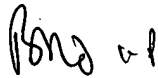
Matters on which we are required to report by exception

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:

Social Investment Business Limited

Independent Auditors' Report

- 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.



Don Bawtree (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
Gatwick

Date: 10 July 2016

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Social Investment Business Limited
Company no 6490609

Profit and Loss Account
For the year ended 31 March 2016

	Notes	2016 £ '000	2015 £ '000
Turnover			
Fund management income	2	2,910	3,276
Fund income	2	-	4,436
Charitable grant receivable		-	-
Other income		<u>326</u>	<u>313</u>
		3,236	8,025
Cost of sales			
Fund costs	3	<u>-</u>	<u>(2,326)</u>
		-	(2,326)
Gross profit		3,236	5,699
Administrative and operational expenses	4	(3,488)	(3,706)
Gift aid payable to Social Investment Business Foundation	4	<u>-</u>	<u>(391)</u>
		(3,488)	(4,097)
Operating profit/(loss)		(252)	1,602
Net profit/(loss) on ordinary activities before taxation		(252)	1,602
Tax (charge) on profit on ordinary activities	6	<u>-</u>	<u>89</u>
Profit/(loss) for the financial year		<u>(252)</u>	<u>1,691</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.

Social Investment Business Limited
Company no 6490609

Balance Sheet

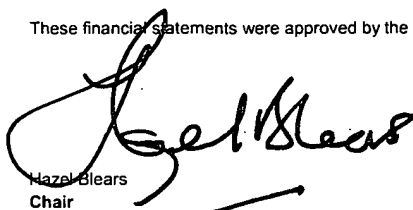
as at 31 March 2016

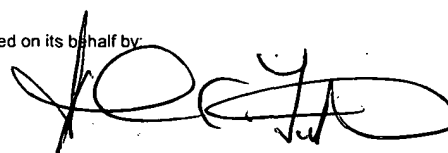
	Notes	2016 £ '000	2015 £ '000
Fixed Assets			
Tangible fixed assets	7	<u>35</u>	<u>53</u>
		35	53
Current assets			
Debtors	9	442	324
Cash at bank and in hand		<u>1,544</u>	<u>2,022</u>
		1,986	2,346
Creditors			
Creditors: amounts falling due within one year	10	(293)	(372)
Grants payable	11	<u>-</u>	<u>0</u>
		(293)	(372)
Net current assets		1,693	1,974
Total assets less current liabilities		<u>1,728</u>	<u>2,027</u>
Creditors due after more than 1 year - amounts due to parent		(453)	(500)
Net assets/(liabilities)		<u>1,275</u>	<u>1,527</u>
Profit and loss account	13	1,275	1,527
Total shareholders' funds/(deficit)		<u>1,275</u>	<u>1,527</u>

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

These financial statements have been prepared in accordance with the special provisions of the Companies Act 2006 relating to small companies.

These financial statements were approved by the Board of Directors on 19 July 2016 and were signed on its behalf by:


Hazel Bleas
Chair


Anne Tutt
Director, Vice Chair

Social Investment Business Limited

Notes to the Financial Statements

For the year ended 31 March 2016

1 Significant accounting policies

a) Reporting entity

The Social Investment Business Limited (SIB Limited) 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 including Financial Reporting Standard FRS 102 - "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland". The principal accounting policies, which have been applied consistently throughout the year, are set out below.

c) Subsidiary

SIB Limited has a wholly owned subsidiary: Futurebuilders England Limited (FBE), Company no: 5066676. Both companies are incorporated in the UK, registered address CAN Mezzanine, 7-14 Great Dover street, London, United Kingdom, SE1 4YR.

d) Going concern

At the financial year end SIB Limited had net assets of £1.275m.

The Directors have prepared forecasts of the company's cash and capital positions for the period ending September 2017, 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 Limited 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 Social Investment Business Foundation (SIB Foundation) and is included in the consolidated financial statements of SIB Foundation, which are publically 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 102 from preparing a cash flow statement as it is a wholly owned subsidiary and SIB Foundation's consolidated financial statements include the cash flows of the Company.

g) Income

All income relating to Fund Management is accounted for on an accruals basis. Performance bonus income is accounted for as SIB Limited 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. Fund income in respect of investment activity, when the Group is Principal, is recognised when a drawdown request is made. Investments offered to investees but not yet requested as a draw down from the Fund Authority at the Balance Sheet date are disclosed as contingent assets. Fund income in respect of investment activity, when the Company is Agent, is not recognised in the Statement of Financial Activities.

Social Investment Business Limited

Notes to the Financial Statements (continued)

for the year ended 31 March 2016

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.

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 3SC 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.

o) Reconciliation with previous Generally Accepted Accounting Practice

In preparing the accounts, the Directors have considered whether in applying the accounting policies required by FRS 102 a restatement of comparative items was needed. No restatements were required.

The Social Investment Business Limited

Notes to the Financial Statements (continued)

For the year ended 31 March 2016

2 Turnover

	2016 £ '000	2015 £ '000
Management charges		
Futurebuilders Fund (Cabinet Office)	863	820
Social Enterprise Investment Fund (Department of Health)	174	289
Communitybuilders Fund (including business support)	628	569
Welsh Assembly Government	-	76
Big Potential (Big Lottery)	453	511
Investment Readiness Fund (Department for Education)	36	-
Centre for Social Action Fund (Cabinet Office)	52	154
Investment and Contract Readiness Fund (Cabinet Office)	-	140
Impact Readiness Fund (Cabinet Office)	92	69
Right to Bid (Department for Communities and Local Government)	-	111
Right to Challenge (Department for Communities and Local Government)	-	313
Big Lottery Scotland	176	106
Big Venture Challenge	156	91
Sport England	-	24
Peer to Peer (Cabinet Office)	24	-
Power to Change	221	3
Clore Foundation	15	-
DFID	20	-
Total fund management income	2,910	3,276
Investment Readiness Fund income	-	4,436

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

Social Investment Business Limited

Notes to the Financial Statements (continued)

For the year ended 31 March 2016

3 Fund costs	2016	2015
	£ '000	£ '000
<i>Investment and Contract Readiness</i>		
Grants offered	-	2,326
4 Administrative and operational expenses	2016	2015
	£ '000	£ '000
Staff costs	2,051	2,091
Other direct cost	464	585
Other consultancy	169	304
Business consultants - investee support	260	245
Gift aid to parent	-	391
Premises and operational	277	247
Operating leases for land and buildings	147	106
Board and investment committee costs	4	23
Auditors' remuneration - audit services	58	11
Legal and other professional	14	22
Depreciation	27	26
Internal audit	-	39
Auditors' remuneration - non audit services	17	7
	<u>3,488</u>	<u>4,097</u>
5 Staff costs	2016	2015
	£ '000	£ '000
Wages and salaries	1,753	1,662
Social security costs	166	180
Other pension costs	132	249
	<u>2,051</u>	<u>2,091</u>

Included in the figures above are payments made to key management personnel defined as the Directors of the Company and the senior management team (the Chief Executive Officer, Director of Investments, Director of Corporate Resources and Director of Marketing and Communications).

The payments to Directors of SIB Limited are for their services to the group. Authority for remunerating Directors is included within the Memorandum and Articles of SIB Limited. The total Director remuneration costs are £85,092 (2015: £82,122) of which Sir Stephen Bubb is the highest paid at £40,092 (2014: £39,932). Directors received pension payments of £13,259 (2015: £11,931) and re-imbursed expenses of £4,255 (2015: 4,019).

Remuneration for the senior management team totalled £195,340 (2015: £285,551), including pension payments of £32,093 (2015: £46,945).

During the year £NIL compensation was made to employees for loss of office (2015: £21,900).

The monthly average number of Full Time Equivalent employees was as follows:

	2016	2015
	Number	Number
Operational staff	38	38
Management staff	2	4
	<u>40</u>	<u>42</u>
Senior employees salary range:	2016	2015
	Number	Number
£60,000 - £69,999	5	3
£70,000 - £79,999	-	2
£80,000 - £89,999	1	-
£90,000 - £99,999	-	-
£100,000-£109,999 *	1	1
	<u>7</u>	<u>6</u>

* Includes Chief Executive Officer

Social Investment Business Limited

Notes to the Financial Statements (continued)

For the year ended 31 March 2016

5 Staff costs (continued)

Board and Investment Committee costs

	Salary		Pension		Expenses	
	2016	2015	2016	2015	2016	2015
	£	£	£	£	£	£
Stephen Bubb	26,833	28,001	13,259	11,931	207	
Anne Tutt	10,000	10,283			875	1,264
Anthony Cann	4,000	4,000				
Edward Lord	4,000	4,000				
Fred Worth	4,000	5,158			2,674	2,257
Jeremy Newman	7,000	7,000			293	49
Carolyn Aitchison					46	
Louise Keeling	4,000	4,000				31
Kevin Carey						418
Richard Pelly	4,000	2,867			151	
Crispin Blunt	4,000	4,000				
Anand Shukla	4,000	882			10	
	<u>71,833</u>	<u>70,191</u>	<u>13,259</u>	<u>11,931</u>	<u>4,256</u>	<u>4,019</u>

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

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%, 9.06% and 11.33% depending on the level of employee contribution.

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. Pension payments recognised as an expense during the year amounted to £223,678 (2015: £249,000).

The pension contributions for the above senior employees staff totalled £59,822 during the period (2015: £52,166). 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 7 (2015: 6).

Outstanding pension contributions for the Company at the year end were £17,293 (2015: £18,010).

Social Investment Business Limited

Notes to the Financial Statements (continued)

For the year ended 31 March 2016

6 Tax on profit/(loss) on ordinary activities

	2016 £ '000	2015 £ '000
Profit/(loss) on ordinary activities before taxation	(252)	1,602
Tax at 20% (2015: 21%) thereon	(50)	336
<i>Effects of:</i>		
Income not taxable for tax purposes		(932)
Expenses not deductible for tax purposes	1	491
Capital allowances in excess of depreciation		
Movement in short term timing differences		
Deferred tax not recognised	49	105
Utilisation of tax losses		
Tax at marginal rates		
Adjustments in respect of the prior period		(89)
Unrelieved tax losses and other deductions arising in the period		
Actual current tax (charge)/ credit	(0)	(89)

Factors that may affect the future tax charge:

A potential deferred tax asset of £5,617 exists at the year end (2015: £2,271) relating to fixed asset timing differences. This has not been recognised within the accounts.

7 Tangible fixed assets

	Leasehold fixtures & fittings £ '000	Office equipment & IT £ '000	Total £ '000
Cost			
at 1 April	120	116	236
Additions	-	9	9
at 31 March	120	125	245
Accumulated depreciation			
at 1 April	103	80	183
Charge for the period	8	19	27
at 31 March	111	99	210
Net book value			
At 31 March 2016	9	26	35
At 31 March 2015	17	36	53

Social Investment Business Limited

Notes to the Financial Statements (continued)

For the year ended 31 March 2016

8 Investments

SIB 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. SIB Limited's interest in the partnership ended as of 22 August 2014. A provision has been made against the £10,000 investment in the current year. The LLP was 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 disadvantage persons, children and young people.

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 2016 was £617k (2015: £691k).

9 Debtors: amounts falling due within one year

	2016	2015
	£ '000	£ '000
Trade debtors	242	49
Amounts owed by parent company	-	130
Other debtors	6	4
Prepayments	151	137
Corporation tax	-	-
Accrued income	43	4
	<u>442</u>	<u>324</u>

10 Creditors: amounts falling due within one year

	2016	2015
	£ '000	£ '000
Trade creditors	72	150
Amounts owed to FBE	-	21
Amounts owed to parent company	-	5
Taxation and social security	23	33
Other creditors	25	18
Deferred income	22	19
Accruals	151	126
Corporation tax	-	-
	<u>293</u>	<u>372</u>

11 Grants Payable

	In year 2016 £ '000	Cumulative 2016 £ '000
Grants payable at 1 April	-	2,541
Grants offered	-	7,104
Grants paid	-	(7,494)
Grants payable at 31 March within one year	<u>-</u>	<u>2,151</u>

All of the grants payable relate to the Impact Readiness Fund II.

Social Investment Business Limited

Notes to the Financial Statements (continued)

For the year ended 31 March 2016

12 Commitments under operating leases

Total commitments under non-cancellable operating leases are as follows:

	Land and buildings	Other	2016 Total	2015 Total
	£ '000	£ '000	£ '000	£ '000
Total commitment on leases expiring:				
Within 1 year	-	31	31	73
Within 2 to 5 years	-	-	-	105
		<u>31</u>	<u>31</u>	<u>178</u>

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

13 Profit and loss account

	2016	2015
	£ '000	£ '000
Opening reserves brought forward	1,527	(164)
Profit/(Loss) for the period	<u>(252)</u>	<u>1,691</u>
Closing reserves carried forward	<u>1,275</u>	<u>1,527</u>

14 Related party transactions

SIB Limited, being a wholly owned subsidiary of SIB Foundation, for which consolidated financial statements are publically available, has taken advantage of the exemption set out in FRS 102 'Related Party Disclosures' not to disclose any transactions with SIB Foundation or SIB Limited's wholly owned subsidiary, FBE.

Stephen Bubb is the Chair of both the SIB Foundation and SIB Limited Boards. He is also Chief Executive Officer of ACEVO. During the year SIB Limited purchased services from ACEVO for £8,030 (2015: £30,500) of which £2,042 related to Stephen Bubb's personal assistant and £5,988 related to policy work.

Hugh Rolo is a member of the SIB Foundation Board. He is also a Director of Innovation at Locality. SIB paid £82,400 in costs to Locality relating to delivering the Big Potential Breakthrough programme and £3,650 in sponsorship costs. Tiger 11 is a member of Locality. Tiger 11 received a loan of £300,000 from SIB Foundation in 2009 which was written off in 2013. A new loan was issued of £221,336 in January 2015. The outstanding balance on this loan is £221,336 at 31 March 2016.

Fred Worth is a member of the SIB Foundation and SIB Limited Boards. Until 31 October 2014 he was 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 £NIL and £NIL respectively (2015: £1,681,595 and £NIL respectively). The Futurebuilders loan was fully repaid 16th June 2015. During the year The Royal Mencap Society received a revenue grant of £NIL (2015: £47,500) from the Social Action Fund. The Royal Mencap Society also received a revenue grant of £603,906 from the SAF fund in 2012. Fred Worth was also a member on the 3SC Board until 27th August 2014 who acted as a SIB Limited representative.

The Social Investment Business Limited

Notes to the Financial Statements (continued)

for the year ended 31 March 2016

14 Related party transactions (continued)

SIB Limited originally 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. SIB's interest in the partnership came to an end on the 22nd August 2014. A provision has been made against the £10,000 in the year ending 2015.

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 £616,744 (2015: 690,718). During 2012 a variation to the loan was agreed to allow the loan to be repaid over an extended, two year, period.

SIB Limited is the trading subsidiary of the SIB Foundation. SIB Foundation is a partner in SASC LLP. During the year SIB Limited recharged SASC for employee costs of £4,500 and £270 for marketing costs.

15 Ultimate controlling party

SIB Foundation, a charity and company limited by guarantee and registered in the UK, is the ultimate parent undertaking and controlling party of the Company. As SIB Foundation is the sole member they are the only parent undertaking to consolidate these financial statements. Copies of the consolidated financial statements of SIB Foundation can be obtained from the Company Secretary, SIB Foundation, CAN Mezzanine, London, United Kingdom, SE1 4YR.

16 Guarantors

SIB Foundation (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.

The Social Investment Business Limited

Notes to the Financial Statements (continued)

For the year ended 31 March 2016

17 Statement of trust for the Social Enterprise Investment Fund (SEIF) - unaudited

	Unaudited 2016 £ '000	Unaudited 2015 £ '000
<i>Cumulative</i>		
Loans offered	18,624	18,624
Less loans disbursed	(18,652)	(18,583)
Total loan commitments	(28)	41
Grants offered	79,322	79,302
Less grants disbursed	(79,920)	(79,825)
Total grant payable	(598)	(523)
Total commitments at 31 March¹	(626)	(482)

1. Commitments at at 31 March 2016 are negative due to legacy investments that were disbursed but not offered by SIB Limited.

Fund Management Statement	Unaudited 2016 £ '000 Total	Unaudited 2015 £ '000 Total
Net funds at 1 April	2	2,477
Inflows		
Grants received from funders - Capital	(1,720)	(3,653)
Grants refunded	59	736
	(1,661)	(2,917)
Income from investments received including bank interest net of charges	604	683
Loan amounts recovered	4	-
Loans repaid	1,216	1,025
	163	(1,209)
Outflows		
Grants disbursed - Capital	(69)	(601)
Loans disbursed - Capital	(68)	(277)
Grants disbursed - Resource	(26)	(388)
	(163)	(1,266)
Net funds at 31 March (Department of Health)	2	2

Accrued interest receivable from investees at the year end, 31 March 2016, was £164,272 (2015: £188,202).