

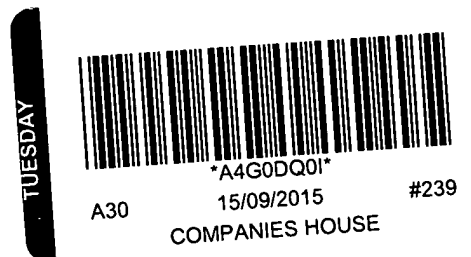
Social Investment Business Limited

(A Company Limited by Guarantee)

Annual Report and Financial Statements

For the year ended 31 March 2015

Company no 6490609



Social Investment Business Limited

Officers and Professional Advisers

Company Registration Number: 6490609

Date of Incorporation: 1 February 2008

Registered Office: 1st Floor, Derbyshire House, St Chad's Street
London, WC1H 8AG

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

Sir Stephen Bubb (Chair)
Crispin Blunt
Anthony Cann
Kevin Carey (to 31 December 2014)
Louise Keeling
Edward Lord OBE JP
Jeremy Newman
Richard Pelly OBE (from 2 July 2014)
Anand Shukla (from 13 January 2015)
Anne Tutt (Vice Chair)
Fred Worth

Chief Executive Jonathan Jenkins

Company Secretary: Suthan Santhaguru (to 10 February 2015)
Jonathan Jenkins (from 10 February 2015)

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

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

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

Members of Committees:

The Assets and Liabilities Committee, "Futurebuilders Fund": Anne Tutt (Chair), Robert Banner, Crispin Blunt, Anthony Cann, Helen Driver, Kenneth Ibbett, Louise Keeling, Martin Rich, Bob Ricketts

Group Audit & Compliance Committee: Jeremy Newman (Chair), Anthony Cann, Anne Tutt, Fred Worth

Group Finance Committee Anne Tutt (Chair), Anthony Cann, Hugh Rolo, Fred Worth

Group Remuneration Committee: Kevin Carey (Chair – to December 2014)
Edward Lord, Hugh Rolo, Anne Tutt

Social Investment Business Limited

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Social Investment Business Limited

Chairman's Report

SIB Limited has continued to build on its reputation as a key social investment partner for the government over the last year. I am particularly pleased to highlight the impressive outcomes of our investment readiness work, where the first £4.5m of grants awarded by the Investment and Contract Readiness Fund has already resulted in more than £117m of new capital and revenue for the social sector.

SIB Limited has been able to build on this model by securing additional funds through the Impact Readiness Fund, the Childcare Investment Readiness Fund and a £10m extension to the Big Potential Programmes in partnership with the Big Lottery Fund, all allowing us to significantly expand the support we can offer charities and social enterprises at different stages of their growth.

I am also pleased that we have been able to further develop our thought leadership position this year. This has included preparing data for an independent report into the first ten years of the Futurebuilders Fund, which will be published in 2015.

I have been particularly lucky to work with a very talented board and staff team during the year and my thanks go to all investees, my fellow board members and to SIB's employees.



Sir Stephen Bubb
Chairman

14 July 2015

Social Investment Business Limited

Directors' Report

The Directors of Social Investment Business Limited present their report together with the audited financial statements for the year ended 31 March 2015.

Objectives and Principal 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.

We have a clear vision – A robust and thriving civil society, well funded and capitalised, that enriches the lives of the people and the communities it serves.

Our mission is to:

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

The Group's six objectives for the year were:

1. Develop SIB Foundation's role as the leading UK foundation for catalysing and stimulating community based social investment, and develop a long term fundraising strategy
2. Drive business development to secure substantial new funds, in particular drive the development of Local Impact Funds
3. Transform our management and use of data in order to share our impact and improve systems and processes
4. Enhance the external profile of SIB with potential investors, donors and policy makers in the run up to the 2015 General Election
5. Excel in delivering quality in our current contracts, enhance our reputation for delivering investment readiness funds, and further improve customer service
6. Support the development of Social and Sustainable Capital (SASC) including through pipeline development for the first two funds, portfolio management, marketing and fundraising

SIB has contributed to the achievement of many of these group-wide objectives.

Social Investment Business Limited

Directors' Report continued

Objectives One and Two:

SIB Limited has won a number of significant new contracts for grant administration over the course of the year, adding to the range of support we are able to offer to charities and social enterprises as they grow. These include:

- The £1.5m Impact Readiness Fund for the Cabinet Office, using our investment readiness methodology to focus specifically on supporting charities and social enterprises improve their ability to demonstrate impact.
- The expansion of the Big Potential programme with the Big Lottery Fund with an additional £10m to focus on providing grants to charities and social enterprises looking to raise over £500k in investment.
- Administration of the initial grants programme for Power to Change, a new Foundation created to support community businesses across England.
- The £500k Childcare Investment Readiness Fund for the Department for Education, supporting the development of charity and social enterprise led childcare providers.
- An innovate peer to peer guarantee fund for the Cabinet Office, supporting the development of peer to peer funding platforms for social investment.

In addition, the Department of Health Social Enterprise Investment Fund portfolio management contract was extended by a year until the end of May 2015.

Objective Three:

Over the course of the year we have made a significant investment of time in cleansing data relating to our main investment Fund, the Futurebuilders Fund. The purpose of this exercise has been two-fold, firstly to produce accurate data for an independent report into the first ten years of the Futurebuilders fund, and secondly to begin the process of investing in a new customer relationship management (CRM) system for the Group. This work will continue into the coming year.

Objective Four:

SIB has invested more time and resource in building our profile as a thought leader in the sector with politicians from all major parties, sharing the experiences of our investees and developing policy ideas for the manifesto development process. Through this process we have built stronger links with a wide range of parliamentarians, and the major party manifestos do make reference to financial support for charities and social enterprises. We have also played an active role in the Social Economy Alliance, a sector wide campaign to promote the social sector.

During the course of the year we have also developed our thought leadership in a number of key areas:

- Sharing the lessons from the first ten years of managing the Futurebuilders fund

Social Investment Business Limited

Directors' Report continued

- Assessing local demand for place based social investment funds in 15 areas of England
- Reporting to the government's review of the Social Value Act
- Supporting research into a social investment solution to providing care for people with learning disabilities
- Sharing the lessons from the Community Assets and Service grant programme with the DCLG select committee
- Identifying how corporate investors can contribute to growing the social investment market.

Objective Five:

We have performed strongly against our KPIs for SIB Limited's main contracts throughout the year. Demanding disbursement targets for our grant programmes, especially for the last year of the Community Assets and Services Programme, have been met. Over the course of the final year of this programme a total of £7.8m of grants have been awarded to 262 organisations, helping them to develop and grow their organisations. Total new grant commitments made during the year across seven separate grant funds totalled £18.7m.

For the first time this year we undertook a major cross-fund customer satisfaction survey. Customer satisfaction scores for both the Futurebuilders and Communitybuilders funds fell below target and the executive team is working to identify areas of development for the year ahead.

We have successfully enhanced our reputation for delivering investment readiness style investment funds, adding the Impact Readiness Fund, the Childcare Investment Readiness Fund to our portfolio in addition to a doubling of the size of the Big Potential programme.

Further evidence of the impact of the Investment and Contract Readiness Fund was published in November, which showed that the first £4.5m of grants awarded to charities and social enterprises by the fund has resulted in over £117m being raised through new grants and contracts.

During the year we successfully retained the ISO9001 quality mark.

Objective Six:

Following the investment made by the SIB Foundation in Social and Sustainable Capital (SASC) last year, an FCA authorised and regulated social investment fund manager, SIB Limited has been providing support to the development of SASC during the year through providing data on market performance to attract new investors, including a £13.5m investment in SASC from Santander, as well as providing marketing support for SASC and cross referring investment opportunities.

Social Investment Business Limited

Directors' Report continued

Future Developments

SIB Limited works very closely with a range of government departments and we have a strong portfolio of funds currently in operation. We look forward to working with the new government to continue providing support to the social sector. SIB Limited will support its parent the SIB Foundation in achieving the following five group objectives for the year ahead:

1. **Carefully manage our existing portfolios**
2. **Ensure our new loan funds are successful**
3. **Continue to enhance our leading position in funding Investment Readiness and manage other grant programmes**
4. **Continue to raise our profile with policy makers**
5. **Develop new products and offerings to support our mission in the future**

Structure, Governance and Management

Background and Legal Structure

The Social Investment Business Limited is a private company limited by guarantee.

Ultimate parent undertaking

Social Investment Business Foundation is the ultimate parent undertaking and sole member of SIB Limited. SIB Foundation is a charity and company limited by guarantee.

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

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

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

Because membership no longer matched our strategic objectives, SIB Limited resigned as a member of 3SC 22 August 2014.

During 2010 3SC received a £1.5m loan from the Modernisation Fund. The balance outstanding on this loan at 31 March 2015 was £691k (31 March 2014 £929k).

Social Investment Business Limited

Directors' Report continued

Management

The Directors who held office during the year are listed on page one. The executives act under *delegated authority* given to them by the Board. The executive management team throughout the year were:

Jonathan Jenkins	Chief Executive
Seb Elsworth	Director of Partnerships and Communications and Deputy Chief Executive
Caroline Forster	Director of Investments
Suthan Santhaguru	Finance Director (until 10 February 2015)
Paul Green	Director of Finance and Corporate Resources (from 8 June 2015)
Vinay Nair	Director of Business Development

Governance and Decision Making

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

SIB's directors are all non-executives. Sub-committees of the board include the External Investment Committee, a Group Audit & Compliance Committee, a Group Remuneration Committee and a Group Finance Committee. The SIB Foundation board also has oversight of the Governance of SIB through clearly defined reserved matters. The SIB Limited Board meets 6 times each year.

Related Parties

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

Related party transactions are referred to in detail in the notes to the financial statements. The company maintains a register of interests for Board members, 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) Chair of the meeting ensures at the outset that disclosure is made. The interest is agreed to be either declarable or disqualifying and is recorded as such in the minutes and, if appropriate, the individual withdraws from the meeting for the discussion and decision concerning the relevant item.

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

Social Investment Business Limited

Directors' Report continued

Statement of Directors' Responsibilities

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

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

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

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

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

Disclosure of Information to Auditors

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

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

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

Social Investment Business Limited

Directors' Report continued

Risk Management

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

A Group Risk Policy and Procedure is approved by both the SIB Limited and SIB Foundation Boards and is subject to periodic review. All managers of the Directorates within SIB are involved in identifying and managing risk. The executive management team is required to review risk across the Group on a regular basis with formal strategic and operational risks registers updated and reviewed for the Group as a whole as appropriate.

The Group Audit & Compliance Committee reviews the Top 15 Strategic Risks and a Risk Assurance Matrix on a quarterly basis and the approved Strategic Risk Register on an annual basis. The SIB Foundation and SIB Limited Boards receive the minutes of every Group Audit & Compliance Committee meeting together with the Top 15 Strategic Risk Register.

Internal Audit – The Directors receive further assurance that SIB Limited's risks are managed through a rolling programme of risk based audits approved by the Group Audit & Compliance Committee and carried out by Grant Thornton LLP.

Main Strategic Risk – The key challenge facing SIB is the need for on-going diversification of income through the securing of new fund management contracts. Market intelligence over the last few years demonstrates that growth is more likely to come in the management of grant programmes rather than very large loan book management like Futurebuilders. The Group has invested in a regulated fund manager through SIBF to allow for close working with private investors to ensure that we can provide more loans to charities and social enterprises.

To mitigate this risk, and to manage the expected reduction in income, we focused during the year on ensuring excellent delivery on our existing contracts and maintaining close working relationships with our contracting departments. The Group also has a comprehensive plan for business development across the regulated arm, the charity and SIB itself.

Social Investment Business Limited

Directors' Report continued

Financial Review

Going Concern

At the financial year end SIB had net assets of £1.5m (2014 net liabilities of £164k). The Directors have prepared forecasts of the company's cash and capital positions for the period ending September 2016, eighteen months from the date of these financial statements. The Directors consider the cash and reserves position of SIB to be sufficient to support the company for at least twelve months from the date of signing these financial statements taking into account the value and length of the Fund management and other contracts in place and for this reason continue to adopt the going concern basis in preparing the annual financial statements.

This year's performance

In the year ended 31 March 2015 SIB made a surplus of £1.7m. A gift aid payment of £391k was made to the parent charity (SIB Foundation) in October 2014 in respect of the financial year (FY) 2013/14.

Fund management income for the year ended 31 March 2015 was £3.3m. This compares to income of £4.1m in 2014. The decrease was principally due to reduced turnover from the Social Enterprise Investment Fund and the Communitybuilders Fund contracts amounting to £1.1m offset by an increase in income received for the first full year of the Big Potential contract.

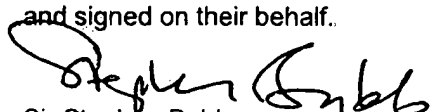
Fund income amounted to £4.4m and relates to draw down monies received in respect of the ICRF contract and cost of sales relates to £2.3m in respect of ICRF grants offered.

Administrative expenses were £3.7m during the year. The highest cost category was represented by staff costs which are circa £2m. Average headcount during this financial year remained unchanged from the previous financial year.

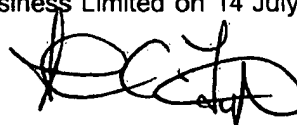
The cash position of SIB has been closely monitored and managed throughout the year with the on balance sheet position at 31 March 2015 standing at £2m, of which all £2m is unrestricted cash.

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

Approved by the Board of Directors of Social Investment Business Limited on 14 July 2015 and signed on their behalf.



Sir Stephen Bubb
Chairman
Company no 6490609



Anne Tutt
Director, Vice Chair

Social Investment Business Limited

Independent Auditors' Report

INDEPENDENT AUDITORS' 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 2015 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 2015 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 for the financial year for which the financial statements are prepared is consistent with the financial statements.


Social Investment Business Limited

Independent Auditors Report continued

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; or
- the Directors were not entitled to prepare the financial statements and the Directors' Report in accordance with the small companies' regime.



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

Date: 16 July 2015

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 2015

	Notes	2015 £ '000	2014 £ '000
Turnover			
Fund management income	2	3,276	4,124
Fund income	2	4,436	6,835
Charitable grant receivable		-	-
Other income		313	199
		<u>8,025</u>	<u>11,158</u>
Cost of sales			
Fund costs	3	(2,326)	(7,104)
		<u>(2,326)</u>	<u>(7,104)</u>
Gross profit		5,699	4,054
Administrative and operational expenses	4	(3,706)	(3,852)
Gift aid payable to Social Investment Business Foundation (SIBF)	4	(391)	(148)
		<u>(4,097)</u>	<u>(4,000)</u>
Net profit/(loss) on ordinary activities		1,602	54
Other interest receivable		-	1
Net profit/(loss) on ordinary activities before taxation		<u>1,602</u>	<u>55</u>
Tax (charge) on profit/(loss) on ordinary activities	7	89	(57)
Profit/(Loss) for the financial year		<u>1,691</u>	<u>(2)</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

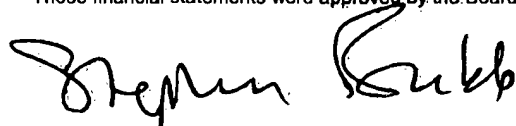
Balance Sheet
as at 31 March 2015

	Notes	2015 £ '000	2014 £ '000
Assets			
Tangible fixed assets	8	53	64
Investments	9	<u>21</u>	<u>10</u>
		53	74
Current assets			
Debtors	10	324	606
Cash at bank and in hand		<u>2,022</u>	<u>2,404</u>
		2,346	3,010
Creditors			
Creditors: amounts falling due within one year	11	(372)	(597)
Grants payable	12	<u>0</u>	<u>(2,151)</u>
		(372)	(2,748)
Net current assets		1,974	262
Total assets less current liabilities		<u>2,027</u>	<u>336</u>
Creditors due after more than 1 year - amounts due to parent		(500)	(500)
Net liabilities		<u>1,527</u>	<u>(164)</u>
Profit and loss account	14	<u>1,527</u>	<u>(164)</u>
Total shareholders' funds/(deficit)		<u>1,527</u>	<u>(164)</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 14 July 2015 and were signed on its behalf by:



Sir Stephen Bubb
Chairman



Anne Tull
Director, Vice Chair

Social Investment Business Limited

Notes to the Financial Statements

for the year ended 31 March 2015

1 Significant accounting policies

a) Reporting entity

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

b) Basis of preparation

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

c) Subsidiary

SIB has a wholly owned subsidiary: Futurebuilders England Limited (FBE), Company no: 5066676. Both companies are incorporated in the UK, registered address 1st Floor, Derbyshire House, St.Chad's Street, London, United Kingdom, WC1H 8AG.

d) Going concern

At the financial year end SIB had net assets of £1.5m.

The Directors have prepared forecasts of the company's cash and capital positions for the period ending September 2016, eighteen months from the date of these financial statements. Similar forecasts have also been prepared assuming stressed but plausible scenarios. The Directors consider the cash and reserves position of SIB to be sufficient to support the company for at least twelve months from the date of signing these financial statements taking into account the value and length of the Fund management and other contracts in place and for this reason continue to adopt the going concern basis in preparing the annual financial statements.

e) Consolidated financial statements

The Company is a wholly owned subsidiary of the Social Investment Business Foundation ('SIBF') and is included in the consolidated financial statements of SIBF 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) 1 'Cash flow Statements' from preparing a cash flow statement as it is a wholly owned subsidiary and SIBF'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. A performance bonus income is accounted for as SIB becomes entitled to that income which is earned when the performance targets are achieved. If an invoice is raised which relates to a future period the amount in relation to the future period is deferred and included within creditors.

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 2015

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.

The Social Investment Business Limited

Notes to the Financial Statements (continued)

for the year ended 31 March 2015

2 Turnover

	2015 £ '000	2014 £ '000
<i>Futurebuilders Fund</i>		
Management Charge	820	820
	<u>820</u>	<u>820</u>
<i>Social Enterprise Investment Fund</i>		
Management Charge	289	1,101
Performance Bonus (includes indexation payment)		90
	<u>289</u>	<u>1,191</u>
<i>Communitybuilders Fund</i>		
Management Charge	569	750
Performance Bonus		1
	<u>569</u>	<u>751</u>
<i>Welsh Assembly Government</i>		
Management Charge	76	273
Management Charge 2		19
	<u>76</u>	<u>292</u>
<i>Social Action Fund</i>		
Management Charge	-	124
<i>Centre for Social Action Fund</i>		
Management Charge	154	121
<i>Investment Readiness</i>		
Management Charge - ICRF	140	140
Management Charge - IRF	69	-
	<u>209</u>	<u>140</u>
<i>DCLG - Right to Bid</i>		
Management Charge	111	155
<i>DCLG - Right to Challenge</i>		
Management Charge	313	322
Big Lottery income	106	111
Big Venture Challenge	91	54
Sport England	24	28
Big Potential	511	15
Power to Change	3	-
Total fund management income	<u>3,276</u>	<u>4,124</u>
<i>Investment Readiness</i>		
Fund income	4,436	6,835

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 2015

3 Fund costs	2015	2014
	£ '000	£ '000
<i>Investment and Contract Readiness</i>		
Grants offered	<u>2,326</u>	<u>7,104</u>

4 Administrative and operational expenses	2015	2014
	£ '000	£ '000
Staff costs	2,006	1,998
Other direct cost	585	602
Other consultancy	304	311
Business consultants - investee support	245	285
Gift aid to parent	391	148
Restructure costs	-	(39)
Premises and operational	247	325
Operating leases for land and buildings	106	125
Board and investment committee costs	108	120
Auditors' remuneration - audit services	11	36
Legal and other professional	22	40
Depreciation	26	9
Internal audit	39	26
Auditors' remuneration - non audit services	7	14
	<u>4,097</u>	<u>4,000</u>

5 Staff costs	2015	2014
	£ '000	£ '000
Wages and salaries	1,678	1,576
Social security costs	177	176
Other pension costs	151	246
	<u>2,006</u>	<u>1,998</u>

Highest Paid Employee

Emoluments	100	100
Pension	13	13

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.

Social Investment Business Limited

Notes to the Financial Statements (continued)

for the year ended 31 March 2015

5 Staff costs (continued)

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

	2015 Number	2014 Number
Operational staff	38	36
Management staff	4	6
	<u>42</u>	<u>42</u>
Senior employees salary range:		
	2015 Number	2014 Number
£60,000 - £69,999	3	2
£70,000 - £79,999	2	2
£80,000 - £89,999	-	-
£90,000 - £99,999	-	-
£100,000-£109,999 *	1	1
	<u>6</u>	<u>5</u>

The pension contributions for the above senior employees staff totalled £52,166 during the period (2014: £44,246). 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 6 (2014: 5).

* Includes Chief Executive.

Outstanding pension contributions for the Company at the year end were £18,010 (2014: £21,627).

During the year £21,900 compensation was made to employees for loss of office (2014: £Nil).

6 Board and Investment Committee Costs

Total board and investment committee costs were £103,000 (2014: £112,000) of which Sir Stephen Bubb is the highest paid at £35,000 (2014: £35,000). It also includes remuneration to SIBF trustees' who are as follows:

Anne Tutt:	£10,000
Anthony Cann:	£4,000
Edward Lord:	£4,000
Fred Worth:	£5,158
Jeremy Newman:	£7,000
Louise Keeling:	£4,000
Richard Pelly:	£2,533
Crispin Blunt:	£4,000

These Board and Investment Committee costs are in addition to the staff costs detailed in Note 5 above.

Social Investment Business Limited

Notes to the Financial Statements (continued)

for the year ended 31 March 2015

7 Tax on profit/(loss) on ordinary activities

	2015 £ '000	2014 £ '000
Profit/(loss) on ordinary activities before taxation	1,602	55
Tax at 21% (2014: 23%) thereon	(336)	(13)
<i>Effects of:</i>		
Income not taxable for tax purposes	932	
Expenses not deductible for tax purposes	(491)	(106)
Capital allowances in excess of depreciation	(2)	14
Movement in short term timing differences	(82)	15
Utilisation of tax losses	-	
Tax at marginal rates	-	1
Adjustments in respect of the prior period	89	32
Unrelieved tax losses and other deductions arising in the period	(21)	
Actual current tax (charge)/ credit	89	(57)

Factors that may affect the future tax charge:

A potential deferred tax asset of £2,271 exists at the year end (2014: £7,500) relating to fixed asset timing differences. This has not been recognised within the accounts.

8 Tangible Fixed Assets

	Leasehold Fixtures & Fittings £ '000	Office Equipment & IT £ '000	Total £ '000
Cost			
at 1 April	120	102	222
Additions	-	14	14
Disposals			
at 31 March	120	116	236
Accumulated depreciation			
at 1 April	95	63	158
Charge for the period	8	17	25
Disposals			
at 31 March	103	80	183
Net book value			
At 31 March 2015	17	36	53
At 31 March 2014	25	39	64

Social Investment Business Limited

Notes to the Financial Statements (continued)

for the year ended 31 March 2015

9 Investments

SIB acquired an 11.11% interest, at a cost of £10,000, on 2 February 2010 in Third Sector Consortia Management LLP (No. OC347365), known as 3SC. SIB'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 2015 was £691k (2014:£929k).

10 Debtors: amounts falling due within one year	2015 £ '000	2014 £ '000
Trade debtors	49	379
Amounts owed by parent company	130	27
Grant owed by parent company	-	-
Other debtors	4	(10)
Prepayments	137	120
Corporation tax	-	-
Accrued income	4	90
	<u>324</u>	<u>606</u>

11 Creditors: amounts falling due within one year	2015 £ '000	2014 £ '000
Trade creditors	150	168
Amounts owed to FBE Ltd	21	-
Amounts owed to parent company	5	12
Taxation and social security	33	74
Other creditors	18	29
Deferred income	19	-
Accruals	126	225
Corporation tax	-	89
	<u>372</u>	<u>597</u>

12 Grants Payable	In year 2015 £ '000	Cumulative 2015 £ '000
Grants payable at 1 April	2,151	2,541
Grants offered	2,325	7,104
Grants paid	(4,476)	(7,494)
Grants payable at 31 March within one year	<u>(0)</u>	<u>2,151</u>

All of the grants payable relate to the Investment and Contract Readiness fund..

Social Investment Business Limited

Notes to the Financial Statements (continued)

for the year ended 31 March 2015

13 Commitments under Operating Leases

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

	Land and buildings	Other	2015 Total	2014 Total
	£ '000	£ '000	£ '000	£'000
Annual commitment on leases expiring:				
Within 1 year		73	73	2
Within 2 to 5 years	105		105	185
	<u>105</u>	<u>73</u>	<u>178</u>	<u>187</u>

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

14 Profit and loss account

	2015	2014
	£ '000	£ '000
Opening reserves brought forward	(164)	(162)
Profit/(Loss) for the period	<u>1,691</u>	<u>(2)</u>
Closing reserves carried forward	<u>1,527</u>	<u>(164)</u>

15 Related party transactions

SIB, being a wholly owned subsidiary of SIBF, for which consolidated financial statements are publicly available, has taken advantage of the exemption set out in FRS 8 'Related Party Disclosures' not to disclose any transactions with SIBF or SIB's wholly owned subsidiary, FBE.

Stephen Bubb is the Chair of both the SIBF and SIB Boards. He is also Chief Executive of ACEVO. During the year SIB purchased services from ACEVO for £30,500 (2014: £21,000) of which £1,750 related to Stephen Bubb's PA and £28,750 related to policy work.

Hugh Rolo is a member of the SIBF Board. He is also a Director of Innovation at Locality. During 2015, SIB received £111k (2014: £185k) on the DCLG Right to Bid contract from Locality and paid £235k (2014: £164k) in partner costs to Locality on delivering the DCLG Right to Challenge Contract. Tiger 11 is a member of Locality. Tiger 11 received a loan of £300,000 from SIBF in 2009 which was written off in 2013. A new loan was issued of £221,336 in January 2015.

Fred Worth is a member of the SIBF and SIB Boards. He was also a Trustee of the Royal Mencap Society up to 31st October 2014. The Royal Mencap Society was offered and advanced loans during 2010 from the Futurebuilders Fund and the Modernisation Fund. The balance outstanding on the Futurebuilders loan at the year end was £1,672,290. The loan on the Modernisation Fund was fully repaid on the 2nd March 2015 (2014: £1,792,628 and £112,500 respectively). During the year The Royal Mencap Society received a revenue grant of £47,500 (2014: £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 representative. 3SC were not invoiced during the year for consultancy services (2014: £2k)

Kevin Carey was a member of the SIB Board up to the 31st December 2014. During 2014/15 SIB paid Humanity £8,136 for braille translation costs.

The Social Investment Business Limited

Notes to the Financial Statements (continued)

for the year ended 31 March 2015

15 Related party transactions (continued)

SIB 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 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 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 £690,718 (2014: £929,462). 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 (SIBF). SIBF is a partner in SASC LLP. During the year SIB seconded one employee to SASC at a cost to SASC of £22,948. SASC seconded a role to SIB at a cost of £35,961.

16 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, 1st Floor, Derbyshire House, St Chad's Street, London, United Kingdom, WC1H 8AG.

17 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 2015

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

	Unaudited 2015 £ '000	Unaudited 2014 £ '000
<i>Cumulative</i>		
Loans offered	18,624	18,624
Less loans disbursed	(18,583)	(18,306)
Total loan commitments	41	318
Grants offered	79,302	79,285
Less grants disbursed	(79,825)	(78,836)
Total grant payable	(523)	449
Total commitments at 31 March¹	(482)	767

1. Commitments at at 31 March 2015 are negative due to legacy investments that were disbursed but not offered by SIB.

Fund Management Statement	Unaudited 2015 £ '000	Unaudited 2014 £ '000
	Total	Total
Net Funds at 1 April	2,477	125
Inflows		
Grants received from funders - Capital	(3,653)	1,989
Grants received from funders - Resource	-	-
Grants refunded	736	243
	(2,917)	2,232
Income from investments received including bank interest net of charges	683	739
Loan amounts recovered	-	2
Loans repaid	1,025	4,460
	(1,209)	7,433
Outflows		
Grants disbursed - Capital	(601)	(1,589)
Loans disbursed - Capital	(277)	(1,525)
Grants disbursed - Resource	(388)	(1,967)
	(1,266)	(5,081)
Net Funds at 31 March (Department of Health)	2	2,477

Accrued interest receivable from investees at the year end, 31 March 2015, was £1,830 (2014: £265,039).