

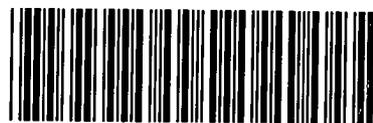


Social Investment Business Ltd
Report and Financial Statements

Year Ended 31 March 2019

Company Number 6490609

WEDNESDAY



A8E94262

A21

18/09/2019

#152

COMPANIES HOUSE

Social Investment Business Limited

Report and financial statements for the year ended 31 March 2019

Contents

Page:

1	Directors' report
8	Independent auditor's report
11	Income statement
12	Balance sheet
13	Notes forming part of the financial statements

Directors

Rt Hon Hazel Blears
Jenny North
Jeremy Newman
Jeremy Nicholls
Jim Rice
Julie Currie (resigned 12 July 2018)
Louise Keeling
Richard Pelly OBE

Secretary and registered office

Nick Temple
Can Mezzanine, 7-14 Great Dover Street, London
SE1 4YR

Company number

6490609

Auditors

BDO LLP, 2 City Place, Beehive Ring Road, Gatwick
West Sussex, RH6 0PA

Social Investment Business Limited

Directors' Report for the year ended 31 March 2019

1. Directors Report

The Directors of Social Investment Business Limited (SIB Ltd) present their report together with the audited financial statements for the year ended 31 March 2019.

2. Objectives and Activities

SIB Limited is the trading subsidiary of the Social Investment Business Foundation and plays a key role in the delivery of the Group's strategy. SIB Foundation is the parent company of SIB Limited and Forward Enterprise FM Ltd (FEFM), which holds and delivers fund management contracts on behalf of third parties, including Government departments, and Futurebuilders England Limited (FBE), which holds the assets of the Futurebuilders and Modernisation Funds. SIB Limited is the sole member of FBE. Collectively the group is referred to as Social Investment Business (SIB).

SIB is committed to helping impact-led organisations improve people's lives. We aim to do this by:

- providing money and support they need directly
- providing a platform for partners to support them
- using our knowledge and experience to inform our own work and influence others

All our activities are underpinned by:

- aiming to maximise the impact we can have with the resources we have
- placing our customers at the heart of the business

Our five core values inform our relationships with the charities and social enterprises we work with and how we operate:

- Put People First
- Curious
- Bold
- Collaborative
- Accountable

3. The Group's specific objectives for the year 2018/19 were:

1. Putting our customers at the heart of everything we do
2. Being an active and innovative intermediary
3. Being recognised as a knowledge base and an advocate for what impact-led organisations need
4. Building a stronger business model and finances
5. Investing in our people and systems to help achieve excellence

How did we do?

This section of the report details the progress we made against our five key strategic priorities for the year:

3.1 Putting our customers at the heart of everything we do

During the year we agreed a new customer engagement strategy and have started to look at improving different aspects of customer service including our enquiry line activity and our complaints process. We are also exploring new ways of working with customers through initiatives such as the East London Impact Fund which piloted new ways of making applications (by video) and is seeking to co-design and collaborate with customers on the package of funding /investment and support available.

Social Investment Business Limited

Directors' Report for the year ended 31 March 2019

We are also including the perspective of our customers as part of a review of our governance structure and framework and seeking to include customers more actively in our board and team sessions.

We have moved away from a detailed annual, retrospective customer survey to a shorter survey that can be asked at more regular intervals throughout the year. The intention of this is to have more live, usable, active data that allows us to learn and respond to feedback quickly. Since November 2018, a short four question survey has been used on all programmes and funds. We are pleased with the results and feedback we are gathering with this new approach and have started to use them to identify what is working well, what isn't and how to address the latter.

3.2 Being an active and innovative intermediary

Highlights of activity during the year under this priority include:

- Making our first investments under the Forward Enterprise Fund, helping organisations supporting those coming out of offending or recovering from addiction
- Piloting new initiatives developed by the team, including Pioneer & Prosper, which tests out repayable grant & revenue participation, and Diverse Ambitions, which seeks to widen access to support and finance for BAME-led organisations
- We were successful in our bid to deliver the second phase of the Reach Fund, an independent grant programme that helps charities and social enterprises raise investment. The programme is funded by Access – The Foundation for Social Investment. The results of the research and surveys conducted for the first contract are extremely positive and we look forward to this continuing in the second contract.
- We have also been delivering the Access' pilot Enterprise Development Programme which provides a broad range of support for charities and social enterprises in England helping them make a transition to new enterprise models or grow existing ones. The pilot phase is aimed at organisations that operate in the homelessness and youth sector. The programme is being run by a number of partners:
 - Homeless Link, UK Youth and the Centre for Youth Impact provide sector expertise and access to their networks
 - School for Social Entrepreneurs provide peer learning opportunities for both sectors
 - SIB is managing the grants element of the programme

3.3 Being recognised as a knowledge base and an advocate for what impact-led organisations need

During the year we provided a project management and secretariat function for the Implementation Taskforce which is aimed at 'growing a culture of social impact investing in the UK'. This work has helped us to build strong networks and key relationships of influence and we hope to remain involved in this work throughout 2019.

Our Learning and Influence team were involved in a number of research and impact related activities during the year including:

- Development of SIB's own impact manifesto and methodology with a focus on six key areas that we believe support an organisation to be impact-led: business model, employment, market, community, equalities and leverage.
- A review to help inform Power to Change on their potential role and future after its planned closure in 2022.
- Research for Healthy London Partnership on developing a dedicated health fund for London.

We also published two externally commissioned research reports:

- *Match Points: A research summary of mergers among charities and social enterprises.*
- *What a Relief! A review of Social Investment Tax Relief (SITR) for charities and social enterprises.*

This latter report garnered significant attention from relevant sector stakeholders, including government – and is well-timed as SITR is under review. We are discussing what our role might be in pushing improvements in policy and practice with partners.

Social Investment Business Limited

Directors' Report for the year ended 31 March 2019

3.4 Building a stronger business model and finances

During the year we started to develop our business model through a three-pronged strategy, based on partnering, investing and influencing. This approach has enabled us to successfully diversify our income streams through new business won such as external research (see above) and by providing a platform disbursing money from key partners such as Access Foundation and investing money via such new initiatives as the Forward Enterprise Fund and Pioneer and Prosper (see above).

Three new areas of business activity were also secured towards the end of March:

- In March 2019 we were formally announced as a partner on a successful bid led by Impetus PEF to deliver the £200m Youth Endowment Fund on behalf of the Home Office. SIB will provide grant management services for the fund. The Early Intervention Foundation is also a partner on the bid. Over its 10-year lifetime, the Fund will deliver transformative change by focussing on those most at risk of involvement in youth violence, diverting young people away from becoming serious offenders. We are delighted to be a partner on this initiative given the potential for it to deliver significant long-term impact in an area of major concern.
- We were also pleased to be a partner on a successful bid to run the Northern Cultural Regeneration Fund – a £3.1m arts and culture social investment fund (£3.1m). The Fund, run by Key Fund in partnership with SIB and Creative United, will provide blended finance to impact-led organisations in the Northern Local Enterprise Partnership areas. SIB's responsibility will be to broker deals and manage investments in the North East.
- In 2019/20 SIB will start to deliver Re-Plan. Re-Plan is a capacity building support service to support the transition from capital building projects to trading social businesses. It is initially funded for 3 years by the Architectural Heritage Fund (AHF), National Lottery Heritage Fund, Historic Environment Scotland and Historic England. The support programme will sit alongside the AHF's new £7m Heritage Impact Fund.
- In March 2019 we secured a three-year extension of our contract with DCMS for the management of the Futurebuilders Fund, with specific additional resource to analyse and share the learnings from the fund to date

3.5 Investing in our people and systems to help achieve excellence

People

Led by our Head of People and Values, work during the year focused on developing and implementing a people strategy with the aim of attracting, retaining and rewarding great talent to support delivery of our overall strategy. This work builds on and draws from the values we agreed in 2017/18. The three elements of the strategy include developing our culture, attracting and retaining an engaged, highly skilled, motivated and fairly rewarded team, and building a strong leadership culture where management act as role models to demonstrate our values and behaviours.

Work has already begun against many of these areas in the past 12 months – new hires have added strengths to areas that are key elements of the strategy, e.g. learning and influence and business development; public commitments have been made to diversity and in reporting (gender pay gap); learning and customer work is progressing, e.g. the successful transition of two Staff Challenge ideas into implementation. We will continue to monitor employee engagement via our employee surveys, and also tracking overall employee turnover.

Systems

Work continues on moving our data and processes from old legacy systems to new fit-for-purpose systems including Salesforce and Spring CM. We successfully moved our day to day IT systems to Office 365 from a remote desktop system, greatly improving the reliability and flexibility of our business systems.

Social Investment Business Limited

Directors' Report for the year ended 31 March 2019

We achieved compliance with the new GDPR legislation and have initiated an ongoing programme of training for staff to ensure that we maintain the required standards. We were also successful in maintaining our Cyber Security Essentials accreditation. Our ISO 9001:2015 certification was also assessed twice during the year.

4 Future Developments

The Board have agreed five overarching strategic priorities for 2019-22. They are:

1. Putting our customers at the heart of everything we do
2. Being an impactful investor and support provider
3. Influencing and shaping the landscape to be more effective
4. Building a stronger operating model and overall long-term finances
5. Investing in our people and systems to help achieve excellence

We will seek to achieve these priorities in 19/20 and deliver impact through investing, partnering and influencing. Key activities under these headings are likely to include:

- Developing and starting to use a framework to decide on areas for fund development
- Further development of strategic partnerships, particularly those that will make social investment more customer focussed
- Strengthening our data and evidence base including leading work on a Social Investment Data Hub aiming to consolidate retrospective data shared by up to six social lenders and a full data set of 3500 closed deals.
- Developing and publishing more supporting detail about our approach to impact.

5 Main Strategic Risks

SIB maintains a risk register which identifies the key strategic risks facing the organisation. This register is a working document and is discussed and reviewed at the Executive Group meetings and by both the Audit and Finance Committee and Board. The risk register is updated to reflect recent operational and financial developments, strategic objectives and changes in the external environment. Each risk is analysed according to its perceived potential impact, likelihood of occurrence together with actions taken in mitigation.

At the time of the publishing of this report the risk register lists six main areas of concern, these are as follows, with associated mitigations:

- Performance of our **investment funds** and those that we manage for others
>> mitigated by clear provisions policy & scrutiny of investment committee
- Having a clear approach to **impact** and embedding it in our activity
>> mitigated by new Director role, methodology development
- Diversifying income to build a resilient **business model**
>> mitigated by new business, multi-year contracts, fund development
- IT & business **systems** infrastructure
>> mitigated by ownership at senior level, clear strategic systems plan
- Having a highly motivated and skilled **staff** team
>> mitigated by dedicated people strategy, including culture and structure
- Engaging properly with our **customers**
>> mitigated by quarterly customer surveys, customer panel and dedicated plan

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. Where appropriate, financial provision will be made on the balance sheet, reserves set aside, or financial plans updated.

Social Investment Business Limited

Directors' Report for the year ended 31 March 2019

6 Going Concern

At the financial year end, SIB Limited had net assets of £999k (2018: £921k). 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 Board discussed a number of financial scenarios over the next eight 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

SIB Limited reported a surplus of £78k.

Income for the year was £2.5m whilst expenditure decreased from the prior year to £2.4m.

The majority of the expenditure is covered by staff costs which account for c60% of total costs.

The cash position of SIB Limited remains strong and slightly improved on prior year at £1.2m, all of which is unrestricted cash.

8 Structure, Governance and Management

(a) Background and Legal Structure

The Group is formed as follows:

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

SIB Limited is a private company limited by guarantee with SIB Foundation as its sole member.

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

Forward Enterprise FM Ltd, a private company limited by shares of which SIB Foundation is its sole shareholder.

SIB Limited has a Board comprising seven 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:

Nick Temple	Chief Executive
Caroline Forster	Deputy Chief Executive (resigned 29 March 2019)
Rob Benfield	Director of Enterprise and Development (from January 2019)
Gen Maitland Hudson	Director of Learning and Influence (from October 2018)

Details of the Directors who served during the year and to the date of signing the financial statements are shown on contents page of this report. Five Directors are also Directors of SIB Foundation.

(b) Public Benefit Statement

Although SIB Limited is not a charity, 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. This is in light of the social purpose of the SIB Limited, and of the charitable nature of SIB Limited's sole shareholder. We are mindful of the need to ensure that all funds and activities will deliver public benefit and help

Social Investment Business Limited

Directors' Report for the year ended 31 March 2019

us to meet our aims and objectives; we are also taking account of Charity Commission guidance around non-charitable organisations.

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

(c) 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.

(d) Related parties

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

(e) 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.

Social Investment Business Limited

Directors' Report
for the year ended 31 March 2019

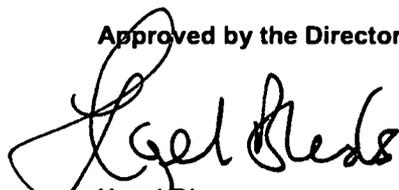
9 Treasury investment policy

SIB Foundation and the Group as a whole operate a Treasury Management Policy, based on four key criteria of Security, Business Needs, Ethical and Influence. Applying these criteria means that investments are protected, access is facilitated, and funds are used to support social or environmental benefit and for SIB to build relationships in the sector and influence banking attitudes to social enterprise.

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 Finance Committee on in October 2017.

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

Approved by the Directors of SIB Limited on 23 August 2019 and signed on their behalf.



Hazel Blears
Chair



Jeremy Newman
Director

Social Investment Business Limited

Independent auditor's report to Members of Social Investment Business Limited

Opinion

We have audited the financial statements of Social Investment Business Limited ("the Company") for the year ended 31 March 2019 which comprise The Income statement and The Balance sheet, and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2019 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.

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Directors report and financial statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

Social Investment Business Limited

Independent auditor's report to Members of Social Investment Business Limited

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic report and Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report and Director's report.

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of Directors

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, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's website at:

<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Social Investment Business Limited

Independent auditor's report to Members of Social Investment Business Limited

Use of our report

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.



Don Bawtree (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Gatwick, UK

23 Aug 2019

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

Social Investment Business Limited

Income Statement For the year ended 31 March 2019

Company no 6490609	Notes	2019 £ '000	2018 £ '000
Turnover			
Fund management income	2	2,227	2,326
Other income		<u>289</u>	<u>328</u>
		2,516	2,654
Administrative and operational expenses	3	<u>(2,438)</u>	<u>(2,715)</u>
Operating profit/(loss)		<u>78</u>	<u>(61)</u>
Net profit/(loss) on ordinary activities before taxation		<u>78</u>	<u>(61)</u>
Tax (charge) on profit on ordinary activities	5	<u>-</u>	<u>-</u>
Profit/(loss) for the financial year		<u>78</u>	<u>(61)</u>

The notes on page 13 to 19 form part of these financial statements.

Social Investment Business Limited

Balance Sheet As at 31 March 2019

Company no 6490609	Notes	2019 £ '000	2018 £ '000
Fixed Assets			
Tangible fixed assets	6	<u>20</u>	<u>29</u>
		20	29
Current assets			
Debtors	7	530	435
Cash at bank and in hand		<u>1,244</u>	<u>1,259</u>
		1,774	1,694
Creditors			
Creditors: amounts falling due within one year	8	<u>(529)</u>	<u>(474)</u>
		(529)	(474)
Net current assets		<u>1,245</u>	<u>1,220</u>
Total assets less current liabilities		<u>1,265</u>	<u>1,249</u>
Creditors due after more than 1 year - amounts due to parent		<u>(266)</u>	<u>(328)</u>
Net assets		<u>999</u>	<u>921</u>
Profit and loss account	9	<u>999</u>	<u>921</u>
Total shareholders' funds		<u>999</u>	<u>921</u>

The financial statements were approved by the Board of Directors and authorised for issue on 23 August 2019.


Hazel Blears
Chair


Jeremy
Newman
Director

The notes on page 13 to 19 form part of these financial statements

Social Investment Business Limited

Notes forming part of the financial statements for the year ended 31 March 2019

1 Significant accounting policies

a) Basis of preparation

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.

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.

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.

b) Going concern

The Directors have prepared forecasts of the company's cash and capital positions for the period ending September 2019, 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.

c) 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 publicly available. Consequently, the Company had taken advantage of the exemption from preparing consolidated financial statements under the terms of section 400 of the Companies Act 2006.

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.

d) Income

All income relating to fund management is accounted for on an accrual's 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.

e) 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.

f) 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.

Social Investment Business Limited

Notes forming part of the financial statements for the year ended 31 March 2019 (continued)

g) 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.

h) 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 £1,000 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.

i) Investments

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

j) Value Added Tax (VAT)

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

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.

Social Investment Business Limited

Notes forming part of the financial statements
for the year ended 31 March 2019 (continued)

2 Turnover	2019 £ '000	2018 £ '000
Total fund management income	<u>2,228</u>	<u>2,326</u>
The turnover shown above has all been generated in the United Kingdom.		
3 Administrative and operational expenses	2019 £ '000	2018 £ '000
Total administrative and operational expenses	<u>2,438</u>	<u>2,715</u>
4 Staff costs	2019 £ '000	2018 £ '000
Wages and salaries	1,311	1,352
Social security costs	136	131
Other pension costs	<u>95</u>	<u>108</u>
	<u>1,542</u>	<u>1,591</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, the Deputy Chief Executive).

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 £46,618 (2018: £50,480) of which Hazel Blears is paid at £12,480 (2018: £12,480). Directors received pension payments of £NIL (2018: £NIL) and reimbursed expenses of £1,435 (2018: £2,362).

Remuneration for the senior management team totalled £280,708 (2018: £235,096), including pension payments of £24,669 (2018: £23,434).

During the year £8k compensation was made to employees for loss of office.

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

	2019 Number	2018 Number
Operational staff	23	26
Management staff	<u>4</u>	<u>2</u>
	<u>27</u>	<u>28</u>

Social Investment Business Limited

Notes forming part of the financial statements
for the year ended 31 March 2019 (continued)

4 Staff costs (continued)

Board and Investment Committee costs

	Salary		Pension		Expenses	
	2019 £	2018 £	2019 £	2018 £	2019 £	2018 £
Hazel Blears	12,480	12,480	-	-	483	1,663
Edward Lord	-	1,000	-	-	-	-
Fred Worth	-	-	-	-	77	34
Jeremy Newman	7,000	7,000	-	-	216	287
Louise Keeling	7,000	7,000	-	-	-	-
Richard Pelly	7,000	7,000	-	-	-	-
Anand Shukla	-	-	-	-	78	-
Julie Currie	1,138	4,000	-	-	-	-
Jim Rice	4,000	4,000	-	-	-	-
Jeremy Nicholls	4,000	4,000	-	-	581	378
Jenny North	4,000	4,000	-	-	-	-
	<u>46,618</u>	<u>50,480</u>	-	-	<u>1,435</u>	<u>2,362</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 for all staff who were employed before the 1st August 2016: 6.79%, 9.06% and 11.33% depending on the level of employee contribution and two rates for all staff employed on the 1st August 2016 and onwards: 4% and 8% 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 £95,000. (2018: £108,000).

The pension contributions for the above senior employees' staff totalled £30,636 during the period (2018: £44,572). 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 4 (2018: 6).

Outstanding pension contributions for the Company at the year-end were £22,462 (2018: £10,221).

Social Investment Business Limited

Notes forming part of the financial statements
for the year ended 31 March 2019 (continued)

5 Tax on profit/(loss) on ordinary activities

	2019 £ '000	2018 £ '000
Profit/(loss) on ordinary activities before taxation	78	(61)
Tax at 19% thereon	(15)	(12)
<i>Effects of:</i>		
Income not taxable for tax purposes	-	-
Expenses not deductible for tax purposes	-	-
Capital allowances in excess of depreciation	-	-
Movement in short term timing differences	-	-
Deferred tax not recognised	15	12
Utilisation of tax losses	-	-
Tax at marginal rates	-	-
Adjustments in respect to prior year	-	-
Unrelieved tax losses and other deductions arising in the period	-	-
	-	-
Actual current tax (charge)/ credit	-	-

Factors that may affect the future tax charge:

A potential deferred tax liability of £3,287 exists at the year-end (2018: tax liability £5,016) relating to fixed asset timing differences. This has not been recognised within the accounts.

6 Tangible fixed assets

	Leasehold fixtures & fittings £ '000	Office equipment & IT £ '000	Total £ '000
Cost			
at 1 April 2018	120	148	268
Additions	-	1	1
Disposals			-
at 31 March 2019	120	149	269
Accumulated depreciation			
at 1 April 2018	120	119	239
Charge for the period	-	10	10
at 31 March 2019	120	129	249
Net book value			
At 31 March 2019	-	20	20
At 31 March 2018	-	29	29

Social Investment Business Limited

Notes forming part of the financial statements for the year ended 31 March 2019 (continued)

		2019	2018
7	Debtors: amounts falling due within one year		
		£ '000	£ '000
	Trade debtors	88	113
	Amounts owed by parent company	110	217
	Amounts owed by FEFM Ltd	32	-
	Other debtors	174	-
	Prepayments	89	105
	Accrued income	37	-
		530	435
8	Creditors: amounts falling due within one year		
		2019	2018
		£ '000	£ '000
	Trade creditors	263	101
	Amounts owed to FBE	-	-
	Amounts owed to parent company	5	18
	Taxation and social security	29	37
	Other creditors	15	19
	Deferred income	9	31
	Accruals	208	268
	Corporation tax	-	-
		529	474
9	Profit and loss account		
		2019	2018
		£ '000	£ '000
	Opening reserves brought forward	921	982
	Profit/(Loss) for the period	78	(61)
	Closing reserves carried forward	999	921
10	Related party transactions		

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 FRS 102 'Related Party Disclosures' not to disclose any transactions with SIB Foundation or SIB Limited's wholly owned subsidiary, FBE.

Hugh Rolo is a member of the SIB Foundation Board. SIB paid £1,298 in costs to Locality (2018: £81,876) relating for services relating to delivery of the Big Potential Breakthrough programme. Hugh Rolo is employed as the Director of Development at Locality.

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 office and facility costs of £NIL (2018: £NIL)

Social Investment Business Limited

**Notes forming part of the financial statements
for the year ended 31 March 2019 (continued)**

11 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.

12 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.