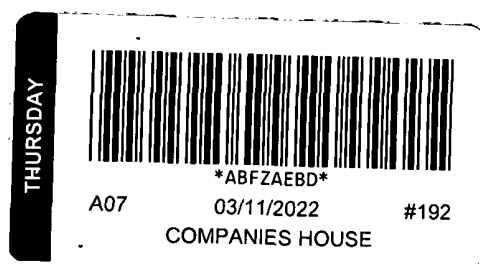


Company Registration No. 06490609 (England and Wales)

THE SOCIAL INVESTMENT BUSINESS LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2022



THE SOCIAL INVESTMENT BUSINESS LIMITED

COMPANY INFORMATION

Directors	Amina Ahmad Rt Hon Hazel Blears (Chair) Jagjit Dosanjh-Elton Jenny North Richard Pelly OBE James Rice Anne-Marie Vine-Lott Nicolas Temple
Secretary	Nishit Chikhlia
Company number	06490609
Registered office	CAN Mezzanine, 7 - 14 Great Dover Street London SE1 4YR
Auditor	RSM UK Audit LLP Chartered Accountants 25 Farringdon Street London EC4A 4AB

THE SOCIAL INVESTMENT BUSINESS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2022

The Directors of The Social Investment Business Limited (SIBL) present their report together with the audited financial statements for the year ended 31 March 2022.

Objectives and activities

SIBL is the trading subsidiary of the Social Investment Business Foundation (SIBF) and plays a key role in the delivery of the Group's strategy. SIBF is the parent company of SIBL, Social Investment Business Loans Ltd (SIBL) and Social Investment Business FM Ltd (SIB FM), which hold and deliver 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. SIBL is the sole member of FBE. Collectively the group is referred to as Social Investment Business (SIB).

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

- Investing – providing appropriate, fair and flexible finance
- Partnering – to provide grants and non-financial support through strategic partnerships
- Influencing – using our knowledge, data and experience to inform our own work and the wider sector

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 – through supporting our colleagues and our customers alike
- Curious – through continuous learning and being open to improvement
- Bold - through taking risks and trying new things to reach more places and people
- Collaborative – through working successfully in partnership, internally and externally
- Accountable – through open reporting and taking responsibility for our actions

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Amina Ahmad
Rt Hon Hazel Blears (Chair)
Jagjit Dosanjh-Elton
Jenny North
Richard Pelly OBE
James Rice
Anne-Marie Vine-Lott
Nicolas Temple
Jeremy Nicholls

(Appointed 29 June 2021)
(Resigned 22 September 2021)

Qualifying third party indemnity provisions

The company has made qualifying third party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date.

THE SOCIAL INVESTMENT BUSINESS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

The Group's strategic priorities for the year 2021/22 were:

- Listening, designing and adapting to customer demand
- Embedding data and impact in core activities, especially decision-making
- Grow influence with government and sector on key issues (policy makers and peers)
- Maximise impact through focusing on the people and places most in need, post Covid
- Ensure SIB continuity through a strong operating model and balance sheet

All underpinned by operational excellence, renewed approach to training/performance and sector leading employment practice.

This section of the report highlights the major achievements of the year helping to achieve those key priorities:

Listening, designing and adapting to customer demand

After the success of the Resilience and Recovery Loan Fund (RRLF), which made its final investments at the start of this financial year, SIB looked at the data and designed a successor fund – the Recovery Loan Fund. The team successfully raised over £21m for this fund from a wide range of investors, including social enterprise Fusion 21, the Church of England's Archbishops' Council, Big Society Capital and MFS Asset Management.

Analysis of data from previous funds revealed systemic underinvestment in black and minority-led organisations, so the team applied for a Flexible Finance grant from Access to lower turnover thresholds, work with specialist partners, and put grant alongside loan from the Recovery Loan Fund to address this historic exclusion.

There were also continuous improvement of systems and processes connected to the Reach Fund and the Enterprise Development Programme in this period, using a combination of data and direct customer feedback.

Embedding data and impact in core activities, especially decision-making

SIB won and delivered the first phase of the Future Camden Fund in this period, which used a data-led approach to assessment and decision-making. Data has become equally critical to the portfolio construction and management of SIB's investment funds – with a transparent online dashboard providing accountability to wider audiences.

SIB also built on its partnership with Tortoise Media with a partnership with the Financial Times, using SIB data and analysis to assess the impact on local economies from the pandemic. This work in the mainstream media complemented more social sector-specific work like our Diversity and Resilience dashboards, both drawing on our significant datasets.

Grow influence with government and sector on key issues (policy makers and peers)

SIB has continued to host the Social Investment Forum, the Diversity Forum for Social Investment, and the Equality Impact Investing Project: all important pieces of infrastructure to help the wider landscape be as representative and as effective as possible. SIB has also successfully worked in co-ordination with sector peers to advocate for appropriate inclusion of the social sector in government guarantee schemes. SIB also contributed data and evidence to the Adebowale Commission on social investment, feeding directly into its central recommendations.

THE SOCIAL INVESTMENT BUSINESS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

Maximise impact through focusing on the people and places most in need, post Covid

Much of the organisation's work in this period has been focused on the people and places most in need, and particularly those most affected by the pandemic. Work has particularly focused on black and minority-led communities: through the Future Camden Fund, Flexible Finance and the Black and Minoritised strand of the Enterprise Development Programme. SIB has worked constructively with partners Create Equity and the Ubele Initiative on these.

The Recovery Loan Fund is explicitly focused on supporting charities and social enterprises with their post-Covid recovery and development, and already has a strong portfolio, diverse in sector, geography and leadership.

SIB's work managing the Enterprise Development Programme and Reach Fund for Access, as well as the existing grants programme for Power to Change, means that it is directly supporting and enabling activity in many of the communities that have been 'left behind' across England.

Ensure SIB continuity through a strong operating model and balance sheet

This financial year fell after the extraordinary year of Covid (wave 1) and the emergency responses in which SIB played a significant role, so it was primarily a year of consolidation, transition and development. Nevertheless, SIB is in a strong position for the future through:

- Effective management of historical investment funds
- Development of new investment funds with associated income streams
- Strategic partnerships with aligned partners on enterprise grants and support
- Building a highly skilled team proportionate to size and scale of responsibilities
- Exiting earlier catalytic investments to invest in future work

All of the above has been underpinned by significant progress in strengthening our operational capability, notably in finance and systems – and by the continued excellence of our People and Values team on developing training, frameworks, opportunities and support.

Future developments

The Board are committed to a renewal of the strategy in 2022 which includes:

SIB's differentiation from its peers is not about price or individual product differentiation and more about the combination of:

- Rightness of fit for customers with a focus on flexibility, support and term length
- Excellent customer service
- Reliable capability (for funders / investors) on both operational delivery and evidence of impact
- Sector-leading analytics that look ahead & inform design/decisions
- Risk-taking and innovation backed by a strong balance sheet
- Breadth and reach of both products and partnerships

Leadership and reputation in these areas are therefore key to securing our place in the market with our customers and partners.

Our Mission remains to build a more resilient, diverse and distributed social economy that contributes to a more equal society.

THE SOCIAL INVESTMENT BUSINESS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

Main strategic risks

SIBL 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.

The risk register contains four of the following main areas of concern, as follows, with associated mitigations:

- Having a clear approach to impact and embedding it in our activity - mitigated by framework, senior oversight, internal work with teams and Committees to understand impact within the decision-making process, using common formatting, questions and metrics for all applications as well as adopting a renewed culture of continuous professional development
- Diversifying income to build a resilient business model and strengthen balance sheet - mitigated by successfully winning new funds including significant multi-year contracts and careful management of investments and overall balance sheet
- IT & business systems infrastructure - mitigated by ownership at senior level, clear strategic systems plan including migration to full cloud-based integrated solutions with multi-factor authentication and roll-out of cyber-security, fraud and anti-money laundering training to all staff
- Having a highly motivated and skilled team of people collaborating across a remotely based organisation - mitigated by an updated people strategy, and revised internal communications and collaboration to embed a permanent flexible working model that helps achieve operational excellence

Additionally, the board and senior team are monitoring the external environment closely for any specific risks either directly for SIB or the organisations it supports – this includes ongoing impact of the pandemic, the cost-of-living crisis, and the growing effects of climate change.

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.

FINANCIAL REPORT

Going concern

The Directors have reviewed the forecasts for the company, covering a period of 12 months from the date of signing these financial statements. SIBL is anticipated to have sufficient cash resources for at least 12 months following the date of signing these financial statements. As a result, the Directors have not identified any material uncertainties and therefore consider it appropriate for the accounts to be prepared on a going concern basis.

This year's performance

- SIBL reported a loss of £391k. (2021: profit of £387k)
- Income for the year decreased to £8.2m (2021: £9.7m) whilst expenditure also decreased to £8.6m (2021: £9.3m)
- Expenditure includes fund management costs of £3,146k (2021: £4,049k) of which 67% is staff costs (2021: 51%), and fund costs (grants awarded) of £5,115k (2021: £5,214k)
- The cash position of SIBL remains strong at £1,635k (2021: £1,958k)

THE SOCIAL INVESTMENT BUSINESS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

Auditor

BDO LLP resigned as auditor during the year and were replaced by RSM UK Audit LLP.

In accordance with section 485 of the Companies Act 2006, a resolution proposing that RSM UK Audit LLP be re-appointed will be put at a General Meeting.

Background and legal structure

SIBL is a private company limited by guarantee, with SIBF as its sole member.

SIBF – the ultimate parent company, is a charity and company limited by guarantee.

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

SIBL 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:

• Nicolas Temple	Chief Executive
• Nishit Chikhliia	Director of Finance (from 1st July 2021)
• Phillip King	Interim Director of Finance (to 30th June 2021)
• Robert Benfield	Director of Investment
• Genevieve Maitland Hudson	Director of Learning & Influence
• Deborah Smart	Director of Grants (to 5th July 2022)
• Shelby Bradley	Director of People and Values

Details of the Directors who served during the year and to the date of signing the financial statements are shown on page 1 of this report. Five Directors are also Directors of SIBF.

Public Benefit Statement

As a trading subsidiary of a charity, the Directors of SIBL have considered the Charity Commission's general guidance on public benefit carefully when planning our activities. We are therefore mindful of the need to ensure that all funds and activities deliver public benefit and help us to meet our aims and objectives; we also take account of Charity Commission guidance around non-charitable organisations.

The Directors have therefore chosen to include in this Annual Report a statement on public benefit and demonstrate that:

- They are clear about what benefits are generated by the activities of the related Charity
- The benefits and beneficiaries of SIBL activities are related and appropriate to the related Charity's objects and aims
- This is set out in Objectives and Activities above.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, each director has taken all the necessary steps that they ought to have taken as a director in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

THE SOCIAL INVESTMENT BUSINESS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

Treasury investment policy

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

SIBF has several bank accounts across which funds are deposited to spread risk, our policy limits a maximum of £10m in any individual bank which must ideally have a positive view to ethical investment and have a green/amber rating on the Ethical Company Index (scoring over 50%) or should have adopted the Equator Principles and be listed on the current Equator Principles Financial Institutions (EPFIs) in line with our key principle of security for our assets. These limits are regularly reviewed, having been reviewed and agreed by the Audit and Finance Committee in 2022.

We continue to hold assets on behalf of funds that are not our own. We therefore 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.

Related parties

Related party transactions are referred to in detail in note 12 to the financial statements.

Small companies exemption

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

On behalf of the board



Rt Hon Hazel Blears (Chair)

Director

28 September 2022

THE SOCIAL INVESTMENT BUSINESS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 MARCH 2022

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 elected to prepare 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;
- 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.

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

Opinion

We have audited the financial statements of The Social Investment Business Limited (the 'company') for the year ended 31 March 2022 which comprise the income statement, the statement of financial position and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

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

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 directors' 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption from the requirement to prepare a strategic report or in preparing the directors' report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 7, 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.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

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

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the company operates in and how the company is complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures, inspecting correspondence with local tax authorities and evaluating advice received from external tax advisors.

The audit engagement team identified the risk of management override of controls as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business and challenging judgments and estimates.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities> This description forms part of our auditor's report.

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.

RSM UK Audit LLP

Nicholas Sladden (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
25 Farringdon Street
London
EC4A 4AB
29 September 2022
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THE SOCIAL INVESTMENT BUSINESS LIMITED

INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2022

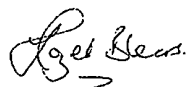
	Notes	2022 £'000	2021 £'000
Turnover	2	8,200	9,650
Cost of sales	3	(5,159)	(5,214)
Gross profit		<u>3,041</u>	<u>4,436</u>
Administrative expenses	3	(3,432)	(4,049)
(Loss)/profit before taxation		<u>(391)</u>	<u>387</u>
Tax on (loss)/profit	5	-	-
(Loss)/profit for the financial year		<u><u>(391)</u></u>	<u><u>387</u></u>

THE SOCIAL INVESTMENT BUSINESS LIMITED**STATEMENT OF FINANCIAL POSITION****AS AT 31 MARCH 2022**

	Notes	2022 £'000	£'000	2021 £'000	£'000
Fixed assets					
Tangible assets	6		-		-
Current assets					
Debtors	8	640		1,161	
Cash at bank and in hand		1,635		1,958	
		<u>2,275</u>		<u>3,119</u>	
Creditors: amounts falling due within one year	9	<u>(1,828)</u>		<u>(2,156)</u>	
Net current assets			447		963
Creditors: amounts falling due after more than one year	10		(16)		(141)
Net assets			<u>431</u>		<u>822</u>
Capital and reserves					
Profit and loss reserves			<u>431</u>		<u>822</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved by the board of directors and authorised for issue on 28 September 2022 and are signed on its behalf by:



Rt Hon Hazel Blears (Chair)
Director



Jagjit Dosanjh-Elton
Director

THE SOCIAL INVESTMENT BUSINESS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

Company information

The Social Investment Business Limited (SIBL) is a private company limited by guarantee and is registered and incorporated in England and Wales.

The company's principal activities and nature of its operations are disclosed in the Directors' Report.

Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £'000.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

The company is a public benefit entity as defined by FRS 102.

Consolidated financial statements

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

Going concern

The Directors have reviewed the forecasts for the company, covering a period of 12 months from the date of signing these financial statements. SIBL is anticipated to have sufficient cash resources for at least 12 months following the date of signing these financial statements. As a result, the Directors have not identified any material uncertainties and therefore consider it appropriate for the accounts to be prepared on a going concern basis.

Turnover

All income relating to fund management is accounted for on an accruals basis. Performance bonus income is accounted for as SIBL 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.

Grants are included in the Income Statement on a receivable basis. Where income is received in advance of meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

Pro bono activities

Services received from professional service providers on a pro bono basis are recognised within other income at the fair value of the services provided as determined by the third parties, with an equivalent amount recognised within administrative expenses.

Expenditure

Grants payable are included in the Income Statement when they have been approved for payment and the recipient has been informed of this decision and any conditions have been met. If there are no conditions attached, the expenditure is incurred in full when the grant is approved for payment.

THE SOCIAL INVESTMENT BUSINESS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies (Continued)

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 Income Statement in the year of purchase.

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:

Office equipment & IT	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.

Fixed asset investments

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include trade and other debtors, amounts owed by group undertakings and accrued income, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost being the transaction price less any amounts settled and impairment losses.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, which include trade and other creditors, amounts owed to group undertakings and accruals, are initially recognised at transaction price and subsequently measured at amortised cost, being transaction price less any amounts settled.

THE SOCIAL INVESTMENT BUSINESS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies (Continued)

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 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.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Retirement benefits

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

2 Turnover

	2022 £'000	2021 £'000
Fund management income	953	1,403
Income from group companies	1,682	2,793
Grant income	5,115	5,214
Other income	450	240
	<u>8,200</u>	<u>9,650</u>

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

Pro bono services relate to activities received from professional service providers and are included within other income. Administrative expenses have been grossed up by an equivalent amount.

THE SOCIAL INVESTMENT BUSINESS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

3 Administrative and operational expenses

	2022	2021
	£'000	£'000
Grants made	5,115	5,214
Other administrative and operational expenses	3,475	4,049
	<u>8,590</u>	<u>9,263</u>

4 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2022	2021
	Number	Number
Operational staff	33	33
Management staff	6	6
Total	<u>39</u>	<u>39</u>

Their aggregate remuneration comprised:

	2022	2021
	£'000	£'000
Wages and salaries	1,703	1,766
Social security costs	186	176
Pension costs	218	136
	<u>2,107</u>	<u>2,078</u>

Included in the figures above are payments made to key management personnel defined as the Directors of the company and the Executive team.

The payments to Directors of SIBL are for their services to the Group. Authority for remunerating Directors is included within the Memorandum and Articles of SIBL. The total Director remuneration costs are £50,035 (2021: £49,862) of which the Chair was paid £12,480 (2021: £12,480). Directors received pension payments of £Nil (2021: £Nil) and reimbursed expenses of £Nil (2021: £1,121).

Remuneration for the 6 members of the Executive team totalled £558,583 (2021: 6 members, £529,199), including pension payments of £52,922 (2021: £37,117).

During the year £nil compensation was made to employees for loss of office (2021: £33,000).

THE SOCIAL INVESTMENT BUSINESS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

4 Employees (Continued)

The number of employees whose emoluments (excluding pension contributions) amounted to more than £60,000 in the year in increasing bands of £10,000 were:

	2022 Number	2021 Number
£60,001 to £70,000	4	3
£70,001 to £80,000	3	2
£80,001 to £90,000	2	-
£100,001 to £110,000 *	1	1

* Includes Chief Executive Officer

Board and Investment Committee costs

	2022 £	2021 £
Salaries:		
Rt Hon Hazel Blears	12,480	12,480
Jeremy Newman	-	5,833
Louise Keeling	-	5,250
Richard Pelly OBE	7,000	7,000
James Rice	4,023	4,000
Jeremy Nicholls	1,913	4,000
Jenny North	4,000	4,000
Amina Ahmad	9,629	5,533
Jagjit Dosanjh-Elton	7,000	1,436
Anne-Marie Vine-Lott	3,990	330
	<u>50,035</u>	<u>49,862</u>

No expenses were reimbursed to the Board and Investment Committee in the current or prior year.

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

Amina Ahmad, Jagit Dosanjh-Elton and Anne-Marie Vine-Lott were appointed during the preceding year with 2021/22 being their first full-year as directors.

Hugh Rolo resigned from the SIBF Board on 22 September 2021, however has remained on as an independent member of both the Audit and Finance Committee and the Investment Committee.

THE SOCIAL INVESTMENT BUSINESS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

5 Taxation

The total tax charge for the year included in the income statement can be reconciled to the (loss)/profit before tax multiplied by the standard rate of tax as follows:

	2022 £'000	2021 £'000
(Loss)/profit before taxation	(391)	387
Expected tax (credit)/charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	(74)	74
Tax effect of expenses that are not deductible in determining taxable profit	-	3
Tax effect of utilisation of tax losses not previously recognised	-	(120)
Effect of change in corporation tax rate	(70)	-
Deferred tax not recognised	144	43
Taxation charge for the year	-	-

The company has losses of £1,124,831 (2021: £754,094) available to carry forward against future trading profits.

6 Tangible fixed assets

	Office equipment & IT £'000
Cost	
At 1 April 2021 and 31 March 2022	149
Depreciation and impairment	
At 1 April 2021 and 31 March 2022	149
Carrying amount	
At 31 March 2022	-
At 31 March 2021	-

7 Subsidiaries

SIBL is the sole member of FBE (05066676), a company limited by guarantee. The registered office is is CAN Mezzanine, 7- 14 Great Dover Street, London, SE1 4YR.

The principal activity of FBE is to support the activities undertaken by the ultimate parent entity SIBF (05777484) in supporting community organisations.

THE SOCIAL INVESTMENT BUSINESS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

8 Debtors

	2022	2021
	£'000	£'000
Amounts falling due within one year:		
Trade debtors	310	334
Amounts owed by group undertakings	158	714
Other debtors	14	29
Prepayments and accrued income	158	84
	<u>640</u>	<u>1,161</u>

9 Creditors: amounts falling due within one year

	2022	2021
	£'000	£'000
Trade creditors	77	125
Amounts owed to group undertakings	68	2
Taxation and social security	163	350
Other creditors	1,076	1,040
Accruals and deferred income	444	639
	<u>1,828</u>	<u>2,156</u>

A loan of £500,000 was agreed with SIBF in July 2015. The loan is repayable in quarterly instalments over 8 years, at an interest rate of 3.5%.

10 Creditors: amounts falling due after more than one year

	2022	2021
	£'000	£'000
Amounts owed to group undertakings	<u>16</u>	<u>141</u>

11 Retirement benefit schemes

	2022	2021
	£'000	£'000
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>218</u>	<u>136</u>

The company operates a defined contribution pension scheme for all qualifying employees (excluding Board Members), administered by AEGON. The assets of the scheme are held separately from those of the company in an independently administered fund.

Outstanding pension contributions for the company at the year end were £36,805 (2021: £16,542) and are included in other creditors.

THE SOCIAL INVESTMENT BUSINESS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

12 Related party transactions

The Social Investment Business Limited ("SIBL"), being a wholly owned subsidiary of Social Investment Business Foundation ("SIBF"), for which consolidated financial statements are publicly available, has taken advantage of the exemption set out in FRS 102 Section 33 'Related Party Disclosures' not to disclose any transactions with SIBF or the other group companies.

13 Parent company

SIBF, a charity and company (company number 05777484, charity number 1117185) limited by guarantee and registered in the UK, is the ultimate parent undertaking and controlling party of the company. SIBF is the sole member of SIBL and it is the only parent undertaking to consolidate these financial statements.

Copies of the consolidated financial statements of SIBF can be obtained from the company secretary of SIBF, CAN Mezzanine, London, United Kingdom, SE1 4YR.

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.