



**Social  
Investment  
Business**

# **The Social Investment Business Limited**

## **Report and Financial Statements**

Year Ended 31 March 2021

Company No 06490609

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**The Social Investment Business Limited**  
**Report and financial statements for the year ended 31 March 2021**

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### **Directors**

Rt Hon Hazel Blears

Jenny North

Jeremy Newman (resigned 30<sup>th</sup> January 2021)

Jeremy Nicholls (resigned 22<sup>nd</sup> September 2021)

James Rice

Louise Keeling (resigned 30<sup>th</sup> December 2020)

Richard Pelly OBE

Amina Ahmad

Jagjit Dosanjh-Elton (appointed 27<sup>th</sup> January 2021)

Anne-Marie Vine-Lott (appointed 27<sup>th</sup> January 2021)

Nicolas Temple (appointed 29<sup>th</sup> June 2021)

### **Secretary and registered office**

Nishit Chikhliya (appointed 8<sup>th</sup> July 2021)

Nicolas Temple (appointed 11<sup>th</sup> December 2020, resigned 6<sup>th</sup> July 2021)

Sarah Watson (resigned 20<sup>th</sup> November 2020)

CAN Mezzanine, 7-14 Great Dover Street, London SE1 4YR

### **Company number**

06490609

### **Auditor**

BDO LLP

Arcadia House, Maritime Walk – Ocean Village, Southampton SO14 3TL

# The Social Investment Business Limited

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## DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2021

The Directors of The Social Investment Business Limited (SIBL) present their report together with the audited financial statements for the year ended 31 March 2021.

### 1 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, Forward Enterprise FM Ltd (FEFM) 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
- Curious
- Bold
- Collaborative
- Accountable

### 2 The Group's strategic priorities for the year 2020/21 were:

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

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

## **2.1 Putting our customers at the heart of everything we do**

At the centre of our customer work remains our community panel, which has been expanded and renewed to provide insight, expertise and experience right at the heart of SIB's work. We were delighted to welcome a diverse mix of people from across the charitable and social enterprise sectors to the panel, and have been benefiting from their help all year.

We also continue to use surveys, mystery shopping and other mechanisms to receive feedback on our work in real-time. These surveys continue to be sent out at key points to all the organisations that we work with. Alongside this regular feedback, we have continued with a robust and rigorous approach to formal complaints.

Finally, in this year dominated by COVID, the team worked extremely quickly to provide customers with variations, payment holidays, flexible terms, direct support, as well as information and advice.

## **2.2 Being an impactful investor and support provider**

This financial year was extraordinary for SIBL, with the sheer volume of work resulting in significant impact – this included establishing a new loan fund and running Covid emergency grants rounds with our partners Access, Power to Change & the Youth Endowment Fund. In total, this amounted to well over £50m of grants and loans that had not been planned when the financial year began.

There has also been good progress on embedding impact within our grant and investment operations, with improved use of data; using data smartly to inform and improve our work remains a priority.

Highlights of activity during the year under this priority include:

- Developing and launching the Resilience and Recovery Loan Fund (RRLF) through a new group subsidiary SIBFM, disbursing £18m in loans and grants by 31 March 21, and eventually disbursing over £28m in loans and grants to 77 charities and social enterprises experiencing financial difficulty due to the impact of COVID-19. The Fund used the Coronavirus Business Interruption Loan Scheme (CBILS) and was made possible by investment from Big Society Capital and grant from the Access Foundation.
- Setting up and running an emergency grants round for the Youth Endowment Fund which received 1000+ applications. 130 organisations received £6.5m in total.
- Setting up and running three emergency grants rounds for Power to Change to support community businesses in need of support due to the pandemic. The Trading Income Support Scheme (TISS) distributed £4.6m, the Covid Community-Led Organisation Recovery Scheme (CCLORS) distributed £9.2m, and the Renewal Fund a further £3m+. CCLORS was particularly notable for its partnership work with the Ubele Initiative & Locality – which, along with a data-driven approach, led to 69% of the grants going to Black & Minority-led organisations, whilst 86% went to organisations supporting those communities.
- Managing existing social investment portfolios with particular flexibility during Covid, offering repayment holidays and support to investees who received finance via Futurebuilders, Communitybuilders and the Social Enterprise Investment Fund in Health (SEIF)
- Many of the smaller investment funds we manage, including the Northern Cultural Regeneration Fund, First Steps (with Asda) and the Liverpool City Region Impact Fund, were stalled somewhat by the pandemic and superseded by guarantee-backed funds. These will be revisited in the coming year.

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**Directors' report for the year ended 31 March 2021**

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- Continuing to deliver a successful Reach Fund and Enterprise Development Programme with the Access Foundation, providing a range of non-financial support for organisations seeking to build new enterprise models and seek investment in line with those. The latter programme has expanded its remit from youth & homelessness to mental health, inequalities, black & minority-led organisations, and the environment working with partners Centre for Youth Impact, Homeless Link, Association of Mental Health Providers, Equally Ours, the Ubele Initiative and Groundwork.
- Working with the Architectural Heritage Fund and the National Lottery Community Fund Scotland to broker and provide tailored support to charities and social enterprises to help them be more effective

### **2.3 Influencing and shaping the landscape to be more effective**

Overall, SIBL's influence in the landscape in which it operates continues to grow through partnerships, policy work and the improved profile of our work. This is, in no small part, due to the growing work of the Learning & Influence team with projects including:

- Looking in-depth at the data and lessons from the Futurebuilders portfolio – this included looking at variations data, resilience metrics, demand-based market sizing and more.
- The Corona Shock Tracker work which used retail data to provide live and up-to-date during the pandemic on the economic effect of COVID-19, which was published in partnership with Tortoise media.
- Increasing our data transparency through our online impact report and in our pioneering live real-time dashboard for RRLF – a first for social investment

SIBL also continues to host the Diversity Forum and the Equality Impact Investing Project, providing a solid base for these important projects which aim to improve and address inequality and lack of representation in the social investment movement. SIBL also now hosts the Social Investment Forum, providing secretariat to this membership group of social investors. This influence work has been supplemented by a wide range of articles, blogs and papers on shared ownership, blended capital, and effective use of data.

### **2.4 Building a stronger operating model and overall long-term finances**

SIBL's overall finances remain strong, though there have been pluses and minuses for the operating model in the last financial year – RRLF and Covid grants work led to a significant upswing in income, but a proportionate upswing in temporary and short-term expenditure; the grants partnerships with Access & Power to Change continue to strengthen, and RRLF is helping build new investment fund income as the historical portfolios decline. SIBL transitioned out of the Youth Endowment Fund in this financial year, proud to have helped establish it and to have played such a significant role in its first two years of delivery.

External business development, more accurate pricing of contract delivery and cost management have all helped improve SIBL's information and position.

## 2.5 Investing in our people and systems to help achieve excellence

### (a) People

Work during the year has focused on two main areas:

- Implementing a sector-leading people strategy aimed at recruiting, developing, supporting and retaining the best and most committed team – this has been evidenced in the past year by the demonstrable commitment, incredible hard work and mutual support amongst colleagues
- Equality, diversity and inclusion continues to be a strategic priority, with SIB publishing the make-up of its team and board openly, as well as its pay structures; there is an EDI plan which is reported on quarterly to the board as a standing item, which covers a wide range of areas in which the organisation is seeking to make progress

### (b) Systems

There has been substantial work from the systems team during this period, continuing to improve the quality of our data and the use of the technology we have. A huge amount of work was undertaken to establish systems quickly for emergency funds, and the shift to remote working was also done seamlessly within a week – to have processed the largest volume and number of payments in our history in the year that we moved completely online is no small achievement.

We have also been successful in maintaining our ISO 9001-2015 certification and our Cyber Essentials accreditation.

## 3 Future Developments

The Board have agreed that the five overarching priorities remain appropriate for the organisation, though it will need to assess the landscape in the ongoing wake of Covid 19 and associated effects – with a view to a reset in the next 12 months. Specific objectives for the coming year include developing a successor fund using the available government guarantees, further embedding of data and impact in grant programmes, delivering outstanding service to our strategic grant partners, and making SIB a great place to work in a new hybrid world.

## 4 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.

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

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- >> mitigated by framework, senior oversight, internal work with teams
- Diversifying income to build a resilient **business model**
  - >> mitigated by new business, multi-year contracts, balance sheet management
- 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 regular feedback

In addition, in this year, Covid was included as a separate risk in its own right – given the potential to impact against many of these other areas, but also in other ways that could affect the organisation and those it supports.

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

### 5 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. A number of scenarios were tested, including the continuing uncertainty of the impact of COVID-19.

SIBL has been able to continue working remotely, with little disruption to its work throughout. While the emergency response work will tail off into the coming 21-22 financial year, there is substantial work ongoing: portfolio management, grant partnerships, data tracker work and much more besides; as well as some good new business opportunities.

COVID-19 has not currently had as significant an effect on SIB's investees as originally feared – although the lifting of furlough and fewer grant schemes may see that impact increase gradually. Overall, the investment portfolio has performed well and been quite resilient, particularly those investees in receipt of government contracts, and there have been no substantial changes to SIBL's forecasts as a result. This means that SIBL's management fees for funds it manages, actual and forecast, are largely unaffected. The new RRLF fund will start to move from deployment to management in the financial year ahead, with an associated different fee structure.

Based on worst-case assumptions, 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.

### 6 This year's performance

- SIBL reported a profit of £387k. (2020: loss of £564k)
- Income for the year increased to £9.7m (2020: £6.3m) whilst expenditure also increased to £9.3m (2020: £6.8m).
- Expenditure includes fund management costs of £4,049k (2020: £2,688k) of which 51% is staff costs (2020: 65%), and fund costs (grants awarded) of £5,214k (2020: £4,160k)
- The cash position of SIBL remains strong, increasing to £1,958k (2020: £658k)

### 7 Structure, Governance and Management

#### (a) Background and Legal Structure

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

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

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

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:

Nicolas Temple

Chief Executive



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Sarah Watson	Director of Finance & Operations (to 20 <sup>th</sup> November 20)
Phil King	Interim Director of Finance (from 6 <sup>th</sup> January 21)
Robert Benfield	Director of Enterprise and Development
Shelby Bradley	Director of People & Values
Genevieve Maitland Hudson	Director of Learning and Influence
Deborah Smart	Director of Grants

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.

### **(b) 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 Charity's objects and aims

This is set out in Objectives and Activities above.

### **(c) 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 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
- 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

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**Directors' report for the year ended 31 March 2021**

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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 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.

**(d) Related parties**

Related party transactions are referred to in detail in note 11 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
- 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

**8 Treasury investment policy**

SIBL 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 SIBL to build relationships in the sector and influence banking attitudes to social enterprise.

SIBL 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 are regularly reviewed, having first been agreed by the Audit and Finance Committee in 2017, with a subsequent Ethical Banking review by the Committee in October 2018 which led to a move of money from mainstream to social banks more aligned to the Foundation's mission.

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.

In preparing this Directors' report, advantage has been taken of the small companies' exemption.

Approved by the Directors of SIB Limited on 2<sup>nd</sup> November 2021 and signed on their behalf.



**Rt Hon Hazel Blears**

**Director**

Date: 2<sup>nd</sup> November 2021

# Auditor's Report

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

### Opinion on the 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 2021 and of its Profit 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.

We have audited the financial statements of The Social Investment Business Limited ("the Company") for the year ended 31 March 2021 which comprise the Profit and Loss Account, Balance Sheet and 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).

### 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

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.

### 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 directors are responsible for the other information. The other information comprises the information included in the 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.

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.

## **Other Companies Act 2006 reporting**

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.

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' exemptions in preparing the Directors' report and from the requirement to prepare a Strategic report.

## **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

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**Auditor's report for the year ended 31 March 2021**

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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.

### *Extent to which the audit was capable of detecting irregularities, including fraud*

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We considered those laws and regulations that directly affect the financial statements such as the Companies Act 2006.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements and determined the principal risks were related to inappropriate journal entries and management bias in accounting estimates.

Audit procedures performed by the engagement team included:

- We understood how the company is complying with those legal and regulatory frameworks that are significant to their activities by making enquiries to management and those responsible for legal and compliance procedures.
- Challenging assumptions made by management in their significant accounting estimates in particular in relation to loan provisioning

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://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

**The Social Investment Business Limited**

**Auditor's report for the year ended 31 March 2021**

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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.

DocuSigned by:

*David I'Anson*

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David I'Anson (Senior Statutory Auditor)  
For and on behalf of BDO LLP, Statutory Auditor  
Southampton UK

Date 05 November 2021

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

# Statement of Accounts

## The Social Investment Business Limited

### Income Statement

For the year ended 31 March 2021

	Notes	2021 £ '000	2020 £ '000
<b>Turnover</b>			
Fund and Grant management income	2	4,196	1,874
Grant income	2	5,214	4,156
Other income		240	254
		<u>9,650</u>	<u>6,284</u>
<b>Cost of sales</b>			
Grants awarded	3	(5,214)	(4,160)
Administrative and operational expenses	3	<u>(4,049)</u>	<u>(2,688)</u>
<b>Operating profit/(loss)</b>		<u>387</u>	<u>(564)</u>
<b>Net profit/(loss) on ordinary activities before taxation</b>		<u>387</u>	<u>(564)</u>
Tax on profit/(loss) on ordinary activities	5	-	-
<b>Profit/(Loss) for the financial year</b>		<u>387</u>	<u>(564)</u>

All amounts in the current and prior periods relate to continuing activities.

The Notes on pages 16 to 23 form part of these financial statements

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**Statement of Accounts for the year ended 31 March 2021**

## Social Investment Business Limited

Company no 06490609

### Balance Sheet

as at 31 March 2021


	Notes	2021 £ '000	2020 £ '000
<b>Fixed Assets</b>			
Tangible fixed assets	6	-	-
		-	-
<b>Current assets</b>			
Debtors	7	1,161	714
Cash at bank and in hand		1,958	658
		3,119	1,372
<b>Creditors</b>			
Creditors: amounts falling due within one year	8	(2,156)	(734)
		(2,156)	(734)
<b>Net current assets</b>		963	638
<b>Total assets less current liabilities</b>		963	638
<b>Creditors due after more than 1 year - amount due to parent</b>	9	(141)	(203)
<b>Net assets</b>		822	435
<b>Profit and loss account</b>	10	822	435
<b>Total shareholders' funds</b>		822	435

The Notes on pages 16 to 23 form part of these financial statements

The financial statements were approved by the Board of Directors and authorised for issue on  
2<sup>nd</sup> November 2021.



**Rt Hon Hazel Blears**  
**Director**



**Jagjit Dosanjh-Elton**  
**Director**



# The Social Investment Business Limited

## Notes to the Financial Statements

For the year ended 31 March 2021

### 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: 05066676. 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 reviewed the forecasts for the company, covering a period of 12 months from the date of signing these financial statements. A number of scenarios were tested, including the material uncertainty of the impact of COVID-19.

Fortunately, despite the lockdown restrictions, SIB has been able to continue working remotely, with little disruption to its work. It has, in fact, been able to take on additional work, helping to distribute the Resilience and Recovery Loan Funds (RRLF) through a new subsidiary established in April 2020, and to undertake several emergency grant rounds with its strategic partners. The changing pattern of working has altered SIB's cost base, accelerating trends like remote working, with lower costs for premises and travel, but also high peak volumes of work requiring one-off temporary and interim capacity from consultants. SIB has made no use of the government's furlough scheme.

COVID-19 had been anticipated to have a serious impact on SIB's investees. From the start of the first lockdown, SIB has been in direct contact with its entire portfolio, and offered repayment holidays and freezes for those most in need – the organisations whose business models have been most affected. However, overall, the investment portfolio has performed well and been quite resilient, particularly those investees in receipt of government contracts, and there have been no substantial changes to SIB's forecasts as a result. This means that the company's income from management fees for funds it manages, actual and forecast, are largely unaffected. Most of the fees for funds and programmes are fixed with limited variability.

Across its fund management, SIB has retained a cautious provisioning position to ensure any future risk is mitigated, and is monitoring performance at quarterly investment committee meetings. A dedicated part of each portfolio report is given to the impact of COVID-19 and the potential impact on individual investees and the portfolio as a whole.

## **1 Significant accounting policies (continued)**

The worst-case scenario for SIB Limited envisages no new income from business development activity, no extension of funding agreements past their contracted end dates, no staff redundancies or other cost-cutting measures, and loan repayments continuing only at the levels experienced since the start of COVID-19 restrictions.

Based on these worst-case assumptions, SIB Limited 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.

### **(c) 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 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 SIBF's consolidated financial statements include the cash flows of the Company.

### **(d) Income**

All income relating to fund management is accounted for on an accruals basis. Performance bonus income is accounted for as SIB Limited becomes entitled to that income which is earned when the performance targets are achieved. If an invoice is raised which relates to a future period, the amount in relation to the future period is deferred and included within creditors. Grant income where SIBL is acting as principal is accounted reflecting the gross amounts received.

### **(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. Where SIBL is acting as principal, grants approved and notified to the grantee are accounted for to reflect the gross amounts to be disbursed.

### **(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.

### **(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.

## 1 Significant accounting policies (continued)

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 £2,000 which are written off to the Profit and Loss Account in the year of purchase.

### (i) 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.

### (j) Investments

The Company recognises the value of the investments held in FBE at cost less impairment.

### (k) 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. Commitments and contingencies are disclosed exclusive of VAT.

## 2 Turnover

	2021 £ '000	2020 £ '000
Fund management income	1,403	529
Income from group companies	2,793	1,345
Grant income	5,214	4,156
Other income	240	254
	<u>9,650</u>	<u>6,284</u>

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

**The Social Investment Business Limited**

**Notes to the Financial Statements for the year ended 31 March 2021**

### **3 Administrative and operational expenses**

	<b>2021</b> £ '000	<b>2020</b> £ '000
Grants made	5,214	4,160
Other administrative and operational expenses	4,049	2,688
Total administrative and operational expenses	<u>9,263</u>	<u>6,848</u>

### **4 Staff costs**

	<b>2021</b> £ '000	<b>2020</b> £ '000
Wages and salaries	1,766	1,409
Social security costs	176	149
Other pension costs	136	180
	<u>2,078</u>	<u>1,738</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 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 £49,862 (2020: £45,480) of which the Chair was paid £12,480 (2020: £12,480). Directors received pension payments of £NIL (2020: £NIL) and re-imbursed expenses of £nil (2020: £1,121).

Remuneration for the 6 members of the senior management team totalled £529,199 (2020: 4 members, £297,578), including pension payments of £37,117 (2020: £26,185). During the year £33,000 compensation was made to employees for loss of office (2020: nil).

The monthly average number of employees was as follows:

	<b>2021</b> <b>Number</b>	<b>2020</b> <b>Number</b>
Operational staff	33	30
Management staff	6	4
	<u>39</u>	<u>34</u>
Senior employees salary range:		
	<b>2021</b> <b>Number</b>	<b>2020</b> <b>Number</b>
£60,000 - £69,999	3	3
£70,000 - £79,999	2	-
£90,000 - £99,999*	-	1
£100,000-£109,999*	1	-
	<u>6</u>	<u>4</u>

\* Includes Chief Executive Officer

**The Social Investment Business Limited**

**Notes to the Financial Statements for the year ended 31 March 2021**

**4.1 Board and Investment Committee costs**

	<b>Salary</b>		<b>Expenses</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Hazel Blears	12,480	12,480	-	-
Jeremy Newman	5,833	7,000	-	861
Louise Keeling	5,250	7,000	-	-
Richard Pelly	7,000	7,000	-	-
Jim Rice	4,000	4,000	-	-
Jeremy Nicholls	4,000	4,000	-	260
Jenny North	4,000	4,000	-	-
Amina Ahmad	5,533	-	-	-
Jagjit Dosanjh-Elton	1,436	-	-	-
Anne-Marie Vine-Lott	330	-	-	-
	<b>49,862</b>	<b>45,480</b>	<b>-</b>	<b>1,121</b>

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

**4.2 Pensions**

SIB operates a defined contribution pension scheme open to all staff employees (excluding Board Members), 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: 6% or 8% depending on 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 £135,747 (2020: £179,709).

The pension contributions for the above senior employees staff totalled £37,117 during the period (2020: £26,185). 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 (2020: 4).

Outstanding pension contributions for the Company at the year end were £16,542 (2020: £3,176).

The Social Investment Business Limited

Notes to the Financial Statements for the year ended 31 March 2021

## 5 Tax on profit/(loss) on ordinary activities

	2021 £ '000	2020 £ '000
<b>Profit/(Loss) on ordinary activities before taxation</b>	<b>387</b>	<b>(564)</b>
Tax at 19% thereon	(74)	107
<i>Effects of:</i>		
Expenses not deductible for tax purposes	(3)	-
Deferred tax adjustment for change in tax rate	-	13
Deferred tax not recognised	(43)	(120)
Utilisation of tax losses	120	-
Actual current tax credit	-	-

Factors that may affect the future tax charge:

A potential deferred tax credit of £42,810 exists at the year end (2020: tax credit £116,525) relating to fixed asset timing differences. This has not been recognised within the accounts.

## 6 Tangible fixed assets

	Office equipment & IT £ '000
<b>Cost</b>	
at 1 April 2020 and 31 March 2021	149
<b>Accumulated depreciation</b>	
at 1 April 2020 and 31 March 2021	149
<b>Net book value</b>	
at 1 April 2020 and 31 March 2021	-

## 7 Debtors

	2021 £ '000	2020 £ '000
Trade debtors	334	398
Amounts due from group companies	714	147
Other debtors	29	57
Prepayments	53	67
Accrued income	31	45
	<b>1,161</b>	<b>714</b>

**The Social Investment Business Limited**

**Notes to the Financial Statements for the year ended 31 March 2021**

## **8 Creditors: amounts falling due within one year**

	<b>2021</b>	<b>2020</b>
	£ '000	£ '000
Trade creditors	125	46
Amounts due to group companies	2	19
Taxation and social security	350	192
Other creditors	1,040	2
Deferred income	244	16
Accruals	395	459
Corporation tax	-	-
	<u>2,156</u>	<u>734</u>

## **9 Creditors amounts falling due after one year**

	<b>2021</b>	<b>2020</b>
	£ '000	£ '000
Loan due to parent company	<u>141</u>	<u>203</u>

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

## **10 Profit and loss account**

	<b>2021</b>	<b>2020</b>
	£ '000	£ '000
Opening reserves brought forward	435	999
Profit/(Loss) for the period	<u>387</u>	<u>(564)</u>
Closing reserves carried forward	<u>822</u>	<u>435</u>

## **11 Related party transactions**

SIB Limited, 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 102 Section 33 'Related Party Disclosures' not to disclose any transactions with SIBF or SIBL's wholly owned subsidiary, FBE.

Hugh Rolo is a member of the SIBF Board. SIB Limited paid no costs to Locality in the year (2020: £1,261) for services relating to delivery of the Big Potential Breakthrough programme. Hugh Rolo was employed as the Director of Development at Locality until December 2020. Until May 2021, he was also a Director of Key Fund who provided a loan of £153k for the Northern Cultural Regeneration Fund, managed by SIB Limited.

## **12 Ultimate controlling party**

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

Copies of the consolidated financial statements of SIBF can be obtained from the Company Secretary, Social Investment Business Foundation, CAN Mezzanine, London, United Kingdom, SE1 4YR.

## **13 Guarantors**

Social Investment Business Foundation (Company number 5777484 and 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.