



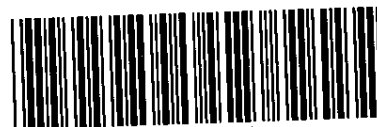
## **Social and Sustainable Capital LLP**

**Members' Report and Audited Financial Statements**

**For the year ended 31 December 2021**

Registered No.: OC378659

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Social and Sustainable Capital LLP  
Registered No.: OC378659

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## General Information

### Members

ADK Social Investment Limited  
*BR Social Investment Limited*  
BR Social Investment Limited 2  
Social Investment Business Foundation

### Independent Auditor

BDO LLP  
55 Baker Street  
London, W1U 7EU

### Administrator

IQ EQ Administration Services (UK) Ltd  
4th Floor, 3 More London Riverside  
London, SE1 2AQ, United Kingdom

### Bankers

Santander UK plc  
2 Triton Square  
*Regent's Place*  
London, NW1 3AN

### Registered office

4th Floor, Reading Bridge House  
George Street  
Reading, RG1 8LS

## Members' Report

The Members, as defined in the Amended and Restated Limited Liability Partnership Agreement dated 20 December 2016 (previously amended and restated on 23 December 2015, 11 August 2014, and originally dated 16 October 2013) (the "Partnership Agreement") and Deed of Adherence dated 18 February 2020, present their annual report and audited financial statements for the year ended 31 December 2021.

Capitalised terms used but not defined herein shall have the meaning assigned to them in the Partnership Agreement.

### Principal activity and review of the business

Social and Sustainable Capital LLP (the "Partnership", the "Manager", the "General Partner" or the "LLP Managing Member"), is an Investment Management Partnership, authorised and regulated by the Financial Conduct Authority ("FCA"). It was formed on 20 September 2012, commenced its operations on 16 October 2013, and was authorised by the FCA on 6 December 2012 with the registered number 588445. The Partnership is engaged to act as an advisor, general partner, investment manager, or investment advisor to:

- a) Collective Investment vehicles which have the Investment objective of achieving social or environmental impact or delivering public good together with a financial return;
- b) Ventures with the mission to achieve social or environmental impact or deliver public good together with a financial return; and
- c) Social enterprises and/or community organisations (whether charitable or non-charitable but undertaking charitable activities) in each case with the aim of achieving social or environment impact or delivering public good together with a financial return.

The Partnership is responsible for managing The Third Sector Investment Fund LLP (the "TSIF") and Social and Sustainable Housing L.P. (the "SASH"); and The Community Investment Fund LP (the "CIF") on whose behalf it acts as the General Partner. CIF, SASH and TSIF are each referred to as the "Fund" and collectively as the "Funds".

### Results and Members allocation

The Partnership's results for the year are set out in the Statement of Comprehensive Income on page 10. The Partnership shows a loss for the year ended 31 December 2021 of £1,175,444 (year ended 31 December 2020 – £686,547), to be shared between the Members of the Partnership in accordance with the Partnership Agreement.

### Policy for Members' drawings and subscriptions, and repayments of Members' Capital

The above is governed by the Partnership Agreement.

The Partnership will maintain sufficient capital to ensure compliance with FCA regulatory capital requirements and will reserve amounts of profits before Profit Distribution to allow sufficient funds to provide for the working capital requirements of the Partnership.

### Members and their interests

The Members for the year ended 31 December 2021 are those listed on page 3.

ADK Social Investment Limited ("ADKSI") and BR Social Investment Limited ("BRSI") have been appointed as "Designated Members"; Social Investment Business Foundation has been appointed as the "Strategic Operations Member". Each of them is individually referred to as the "Member" and collectively referred to as "Members".

The Designated Members each individually hold a minority share and the Strategic Operations Member holds a majority share of the Partnership in relation to distribution of Distributable Profits and bonuses. The Designated Members collectively hold a majority of voting rights and a percentage sharing on the dissolution or sale of the Partnership subject to clauses 8, 9, 17 and 24 of the Partnership Agreement.

## Members' Report

(Continued)

### Members and their interests (continued)

There are matters which require a Super Majority Approval by the Members of the Partnership as defined in schedule 3 of the Partnership Agreement.

Each Member shall be entitled to withdraw from the Partnership at any time any amounts then standing to the credit of the Member Distribution Account.

### Statement on Covid-19 & War in Ukraine

2021 saw the continuation and evolution of the COVID-19 pandemic together with the associated economic uncertainties. We have continued to work hard, adapting well to the mixed home/office environment, while also confronting the reality of the various COVID-19 waves. Our working arrangements currently encourage staff to spend at least two days in the office. We will continue to monitor and assess any possible future impact on the business. The war in Ukraine is not expected to have a direct impact on the business.

### Going concern

With the increase in the firm's capital following the admission to the Partnership of BR Social Investment 2 Limited in February 2020, there is the continued reasonable expectation based on assessments that, the Partnership has adequate resources and liquidity to continue in operational existence for the foreseeable future. Therefore, the Members will continue to adopt the going concern basis in preparing these audited financial statements.

### Financial risk management

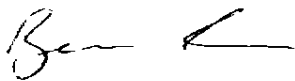
It is the opinion of the Members that there are no key business risks and uncertainties faced by the Partnership other than the systemic risk that exists in the financial sector. The Partnership is not exposed to any significant price, credit, liquidity, or cash flow risk.

### Auditor, and disclosure of information to the auditor

The auditors, BDO LLP, have indicated their willingness to continue in office. The Designated Members will propose a motion re-appointing the auditors at a meeting of the Members.

So far as the Members are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act), of which the auditors are unaware, and each Member has taken all the steps it ought to have taken as a Member in order to make itself aware of any relevant audit information and to establish that the Partnership's auditor is aware of that information.

On behalf of the Members:



Benjamin Rick  
25 April 2022

## **Statement of Members' Responsibilities**

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

The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 require the Members to prepare financial statements for each financial year. Under that regulation, the Members have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under these regulations, the Members 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 Partnership and of the Profit or Loss of the Partnership for that period. In preparing these financial statements, the Members are required to:

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

The Members are responsible for keeping adequate accounting records that are sufficient to show and explain the Partnership's transactions and disclose with reasonable accuracy at any time the financial position of the Partnership and enable them to ensure that the financial statements comply with The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008. The Members are also responsible for safeguarding the assets of the Partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **Independent Auditors' Report**

### **To the Members of Social and Sustainable Capital LLP**

#### **Opinion on the financial statements**

In our opinion, the financial statements:

- give a true and fair view of the state of the Limited Liability Partnership's affairs as at 31 December 2021 and of its profit for the period 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 applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of the Companies Act 2006) Regulations 2008.

We have audited the financial statements of Social and Sustainable Capital Limited Liability Partnership ("the Limited Liability Partnership") for the year ended 31 December 2021 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Members' Interests, the Statement of Cash Flows 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 Limited Liability Partnership 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 Members' 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 Limited Liability Partnership'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 Members with respect to going concern are described in the relevant sections of this report.

#### **Other information**

The Members are responsible for the other information. The other information comprises the information included in the Member's Report, other than the financial statements and our auditor's report thereon. Our

## **Independent Auditors' Report**

### **To the Members of Social and Sustainable Capital LLP (continued)**

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 as applied to limited liability partnerships**

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 as applied to limited liability partnerships 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
- we have not received all the information and explanations we require for our audit

### **Responsibilities of Members**

As explained more fully in the Members' responsibilities statement, the Members 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 Members 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 Members are responsible for assessing the Limited Liability Partnership'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 Members either intend to liquidate the Limited Liability Partnership 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:



## Independent Auditors' Report

### To the Members of Social and Sustainable Capital LLP (continued)

We gained an understanding of the legal and regulatory framework applicable to the LLP and considered the risk of acts by the LLP which were contrary to applicable laws and regulations, including fraud. These laws and regulations included but were not limited to compliance with the Companies Act 2006 as applicable to LLPs, those resulting from being authorised by the Financial Conduct Authority to undertake regulated activities and UK accounting standards.

We considered compliance with laws and regulations that could give rise to a material misstatement in the LLPs financial statements. Our tests included, but were not limited to:

- agreement of the financial statement disclosures to underlying supporting documentation;
- enquiries of designated members and management;
- testing of journal postings made during the year to identify potential management override of controls;
- review of meeting minutes throughout the period. We communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and discussed how and where these might occur and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit;
- assessing whether the judgements made in making accounting estimates are indicative of a potential bias;
- evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business; and
- considering the effectiveness of the control environment in monitoring compliance with laws and regulations.

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 Limited Liability Partnership's members, as a body, in accordance with Chapter 3 of part 16 of the Companies Act 2006 as applied by Limited Liability Partnerships (Accounts and Audit) (Application of the Companies Act 2006) Regulations 2008. Our audit work has been undertaken so that we might state to the Limited Liability Partnership'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 Partnership and the Limited Liability Partnership's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

*Vanessa Bradley*

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Vanessa-Jayne Bradley (Senior Statutory Auditor)

For and on behalf of BDO LLP, statutory auditor

London, UK

25 April 2022

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

## Statement of Comprehensive Income

For the year ended 31 December 2021

	Notes	2021 £	2020 £
Turnover	4	851,854	946,791
Administration expenses	5	(1,869,664)	(1,539,748)
<b>Operating loss</b>		<b>(1,017,810)</b>	<b>(592,957)</b>
Interest income	11	300	1,457
<b>Loss before tax</b>		<b>(1,017,510)</b>	<b>(591,500)</b>
<b>Loss for the year before Members' remuneration and profit shares</b>		<b>(1,017,510)</b>	<b>(591,500)</b>
Loss for the year before Members' remuneration and profit shares		(1,017,510)	(591,500)
Members' remuneration charged as an expense		(157,934)	(90,047)
<b>Loss for the financial year available for discretionary division among Members</b>		<b>(1,175,444)</b>	<b>(681,547)</b>
<b>Other comprehensive income for the year</b>			
Impairment loss	10	-	(5,000)
<b>Loss for the financial year available for discretionary division among Members and total comprehensive income for the year</b>		<b>(1,175,444)</b>	<b>(686,547)</b>

All operations are continuing.

The notes on pages 14 to 21 form an integral part of these audited financial statements.

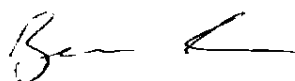
## Statement of Financial Position

As at 31 December 2021

	Notes	2021 £	2020 £
<b>Fixed assets</b>			
Tangible assets	9	16,505	6,098
<b>Current assets</b>			
Cash at bank and in hand	12	617,768	775,585
Debtors	14	203,061	87,218
<b>Total current assets</b>		<b>820,829</b>	<b>862,803</b>
Creditors: amounts falling due within one year	15	(84,664)	(76,504)
<b>Net current assets</b>		<b>736,165</b>	<b>786,299</b>
<b>Net assets attributable to Members</b>		<b>752,670</b>	<b>792,397</b>
<b>Represented by:</b>			
<b>Loans and other debts due to Members within one year</b>			
Other amounts		(1,552,330)	(512,603)
<b>Members' other interests</b>			
Members' capital classified as equity		4,762,430	2,586,986
Other reserves classified as equity		(2,457,430)	(1,281,986)
<b>Total Members' other interests</b>		<b>2,305,000</b>	<b>1,305,000</b>
<b>Total Members' interests</b>		<b>752,670</b>	<b>792,397</b>
<b>Total Members' interests</b>			
Loans and other debts due to Members		(1,552,330)	(512,603)
Members' other interests		2,305,000	1,305,000
<b>Total Members' interests</b>		<b>752,670</b>	<b>792,397</b>

The notes on pages 14 to 21 form an integral part of these audited financial statements.

The financial statements were approved and authorised for issue by the Members and were signed on their behalf:



Benjamin Rick  
25 April 2022

## Statement of Changes in Members' Interests

As at 31 December 2021

Notes	Members' capital classified as equity £	Other reserves classified as equity £	Total Members' other interests £	Loans and other debts due to Members £	Total Members' interests £
<b>As at 1 January 2021</b>	2,586,986	(1,281,986)	1,305,000	(512,603)	792,397
Members' remuneration charged as an expense	-	-	-	157,934	157,934
Members' drawings in relation to remuneration	-	-	-	(22,217)	(22,217)
Loss for the year available for discretionary division between Members	-	(1,175,444)	(1,175,444)	-	(1,175,444)
Members' interests after Loss for the year	2,586,986	(2,457,430)	129,556	(376,886)	(247,330)
Other movement	1,175,444	-	1,175,444	(1,175,444)	-
Amounts from Members	1,000,000	-	1,000,000	-	1,000,000
<b>As at 31 December 2021</b>	<b>4,762,430</b>	<b>(2,457,430)</b>	<b>2,305,000</b>	<b>(1,552,330)</b>	<b>752,670</b>
<b>As at 1 January 2020</b>	600,439	(595,439)	5,000	99,061	104,061
Members' remuneration charged as an expense	-	-	-	90,047	90,047
Members' drawings in relation to remuneration	-	-	-	(15,164)	(15,164)
Loss for the year available for discretionary division between Members	-	(686,547)	(686,547)	-	(686,547)
Members' interests after Loss for the year	600,439	(1,281,986)	(681,547)	173,944	(507,603)
Other movement	686,547	-	686,547	(686,547)	-
Amounts from Members	1,300,000	-	1,300,000	-	1,300,000
<b>As at 31 December 2020</b>	<b>2,586,986</b>	<b>(1,281,986)</b>	<b>1,305,000</b>	<b>(512,603)</b>	<b>792,397</b>

The notes on pages 14 to 21 form an integral part of these audited financial statements.

## Statement of Cash Flows

For the year ended 31 December 2021

	Notes	2021 £	2020 £
<b>Cash flows from operating activities</b>			
Loss for the year		(1,175,444)	(686,547)
<b>Adjustments for:</b>			
Depreciation of tangible assets	9	8,013	4,520
Interest income	11	(300)	(1,457)
Increase in debtor		(115,843)	(46,410)
Increase / (Decrease) in creditor		8,160	(54,996)
Impairment loss	10	-	5,000
Members' remuneration charged as an expense		157,934	90,047
<b>Cash flows from operating activities</b>			
Members' drawings in relation to remuneration		(22,216)	(15,164)
<b>Net cash used in operating activities</b>		<u>(1,139,696)</u>	<u>(705,007)</u>
<b>Cash flows from investing activities</b>			
Purchase of tangible assets	9	(18,420)	(1,047)
Interest received	11	300	1,457
Purchase of investment	10	-	(5,000)
<b>Net cash used in investing activities</b>		<u>(18,120)</u>	<u>(4,590)</u>
<b>Cash flows from financing activities</b>			
Capital Contributions by members		1,000,000	1,300,000
<b>Net cash generated from financing activities</b>		<u>1,000,000</u>	<u>1,300,000</u>
<b>Net (decrease) / increase in cash and cash equivalents</b>		<u>(157,817)</u>	<u>590,403</u>
Cash and cash equivalents at the beginning of year		775,585	185,182
<b>Cash and cash equivalents at the end of year</b>		<u><b>617,768</b></u>	<u><b>775,585</b></u>
<b>Cash and cash equivalents at the end of year comprise:</b>			
Cash at bank and in hand		617,768	775,585
		<u><b>617,768</b></u>	<u><b>775,585</b></u>

The notes on pages 14 to 21 form an integral part of these audited financial statements.

## Notes to the Audited Financial Statements

For the year ended 31 December 2021 (continued)

### 1. General Information

Social and Sustainable Capital LLP (the "Partnership", the "Manager", the "General Partner" or the "LLP Managing Member"), is an Investment Management Partnership, authorised and regulated by the Financial Conduct Authority ("FCA"). It was formed on 20 September 2012, commenced its operations on 16 October 2013, and was authorised by the FCA on 6 December 2012 with the registered number 588445.

The Partnership is responsible for managing The Third Sector Investment Fund LLP (the "TSIF") and Social and Sustainable Housing L.P (the "SASH") on whose behalf it acts as the Managing Member: and The Community Investment Fund LP (the "CIF") on whose behalf it acts as the General Partner. CIF and TSIF are each referred to as the "Fund" and collectively as the "Funds".

The Partnership's registered office address is 4th Floor Reading Bridge House, George Street, Reading, Berkshire, United Kingdom, RG1 8LS.

### 2. Accounting policies

#### (a) Basis of preparation

The financial statements have been prepared in accordance with Financial Reporting Standard ("FRS") 102, the FRS applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006 and the requirements of the Statement of Recommended Practice "Accounting by Limited Liability Partnerships" 2018.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the entity's accounting policies.

Based on cash held at the date of sign off of these financial statements and projected cash flows including general partner share and budgeted fixed costs, the Manager believes that the fund has adequate resources to settle its obligations as they fall due for a period of at least twelve months following the signing date of these financial statements and therefore the accounts have been prepared on a going concern basis.

#### (b) Turnover and revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Partnership and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Revenue comprises priority profit shares from the funds and fees for the services of Partnership staff.

The Partnership is entitled to receive an annual management fee from SASH and each of the Funds, calculated and payable on a quarterly basis in advance, which may be subject to certain adjustments as determined by the terms of the Funds' and SASH's respective Partnership Agreements.

#### (c) Financial instruments

The Partnership only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loan to related parties and investments in non-puttable ordinary shares.

Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of cash or other consideration, expected to be paid or received.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the Partnership would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an 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.

## Notes to the Audited Financial Statements

For the year ended 31 December 2021 (continued)

### 2. Accounting policies (continued)

#### (c) Financial instruments (continued)

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the entity's cash management.

#### (d) Investment in subsidiary

Investments in subsidiary company are initially measured at cost less accumulated impairment losses with the valuation changes recognised at other comprehensive income.

#### (e) Functional and presentation currency

The Partnership's functional and presentational currency is GBP.

#### (f) Pensions

Certain employees of the Partnership participate in a defined contribution scheme. Contributions to the scheme are charged to the Statement of Comprehensive Income as they become payable in accordance with the rules of the scheme. The assets of the scheme are held separately in an independently administered fund.

#### (g) Tax

Any tax payable on the Partnership's Profit for the period is a liability of the Members. Therefore, no provision has been made for current or deferred tax in the financial statements.

#### (h) Members' capital

*Members' capital classified as equity in accordance with FRS102 represents Members' interest in the Partnership where there is no obligation to repay these members. This balance represents the Restricted Capital Account which is an amount which can be adjusted from time to time to reflect minimum capital requirements of the FCA and ensure adequate regulatory capital is maintained.*

Where Members' capital is contributed to the Partnership but there is a contractual obligation in place that requires repayment if the Members' retire, this is classified as a liability in accordance with FRS102.

Distributable profits for each accounting period are determined by super majority approval of the Board of the Partnership having regard to the views of the Board on the cash requirements of the business and based on the statutory financial statements. The profits are distributed amongst the members in accordance with the Partnership agreement.

#### (i) Tangible assets

Tangible assets are stated at cost (or deemed cost) less accumulated depreciation. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs. Repairs, maintenance and minor inspection costs are expensed as incurred.

##### i. Depreciation and residual values

Depreciation on assets is calculated, using the straight-line method, to allocate the depreciable amount to their residual values over their estimated useful lives, as follows:

- Office equipment – 3 years
- Fixtures and fittings – 3 years

## Notes to the Audited Financial Statements

For the year ended 31 December 2021 (continued)

### 2. Accounting policies (continued)

#### (i) Tangible assets (continued)

##### ii. Derecognition

Tangible assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in Statement of Comprehensive Income and included in 'Other operating gains/(losses)'.

#### (j) Operating leased assets

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the Statement of Comprehensive Income on a straight-line basis over the period of the lease.

### 3. Judgements in applying accounting policies and key sources of estimation uncertainty

The Partnership's financial statements are influenced by accounting policies, assumptions, estimates and management's judgement, which necessarily have to be made in the course of the preparation of the financial statements.

The Partnership determines estimates and assumptions that affect the reported amounts of assets and liabilities for the next financial period. All estimates and assumptions required in conformity with FRS 102 are best estimates undertaken in accordance with the standard.

Estimates and judgements are evaluated on a continuous basis, and are based on past experience and other factors, including expectations with regards to future events.

No significant judgements have had to be made by the Members in preparing these financial statements as there are no uncertain events known at the date of reporting.

### 4. Analysis of turnover

	2021 £	2020 £
Priority profit draw from funds	754,752	886,302
Other income	97,102	60,489
	<u>851,854</u>	<u>946,791</u>

All turnover arose within the United Kingdom.



## Notes to the Audited Financial Statements

For the year ended 31 December 2021 (continued)

### 5. Administration expenses

Operating loss is stated after charging:

	2021 £	2020 £
Staff and consultancy	1,541,575	1,120,628
Rent	32,186	81,973
IT and marketing	173,618	191,508
Legal and professional	56,469	95,777
Travel and entertainment	10,417	5,324
Office expenses	13,614	12,138
Compliance and regulatory	12,405	12,655
Insurance	16,248	9,967
Audit	12,300	8,865
Bank charges	832	913
	<u>1,869,664</u>	<u>1,539,748</u>

### 6. Operating lease commitment

	2021 £	2020 £
Amount payable on commitment expiring:		
within one year	15,696	9,720
<b>Total commitment payable</b>	<u>15,696</u>	<u>9,720</u>

### 7. Staff costs

	2021 £	2020 £
Salaries and bonuses	1,147,969	820,590
Social security costs	129,492	93,514
Pension contributions	30,207	25,256
<b>Total</b>	<u>1,307,668</u>	<u>939,360</u>
	<b>2021 No.</b>	<b>2020 No.</b>
Average number of employees	<u>20</u>	<u>12</u>

## Notes to the Audited Financial Statements

For the year ended 31 December 2021 (continued)

### 8. Information in relation to members

	2021 No.	2020 No.
Average number of members during the year	4	4
Loss for the financial year available for discretionary division among members	(1,175,444)	(686,547)

### 9. Tangible assets

Stated in £	Cost or valuation at 1 January 2021	Additions during the year	Depreciation charge for the year	Cost or valuation at 31 December 2021
Office Equipment	6,098	18,420	(8,013)	16,505
<b>Total</b>	<b>6,098</b>	<b>18,420</b>	<b>(8,013)</b>	<b>16,505</b>

Stated in £	Cost or valuation at 1 January 2020	Additions during the year	Depreciation charge for the year	Cost or valuation at 31 December 2020
Office Equipment	9,491	1,047	(4,440)	6,098
Fixtures and Fittings	80	-	(80)	-
<b>Total</b>	<b>9,571</b>	<b>1,047</b>	<b>(4,520)</b>	<b>6,098</b>

### 10. Investments

	2021 £	2020 £
Balance at the beginning of the year	-	-
Additions	-	5,000
Impairment loss	-	(5,000)
<b>Total</b>	<b>-</b>	<b>-</b>
Balance at the end of the year	-	-

### 11. Interest Income

	2021 £	2020 £
Bank interest	300	1,457
<b>Total</b>	<b>300</b>	<b>1,457</b>

## Notes to the Audited Financial Statements

For the year ended 31 December 2021 (continued)

### 12. Cash and cash equivalents

	2021 £	2020 £
Cash at bank and in hand	617,768	775,585
Total	<u>617,768</u>	<u>775,585</u>

### 13. Debt analysis

	As at 01 January 2021 £	Cash flow £	Other non-cash changes £	As at 31 December 2021 £
Cash at bank	775,585	(157,817)	-	617,768
Other creditors	(8,023)	-	-	(8,023)
Accruals and deferred income	(15,181)	(27,552)	-	(42,733)
Taxation and social security	(7,297)	(3,260)	-	(10,557)
Trade creditors	(46,003)	22,652	-	(23,351)
Total net cash	<u>699,081</u>	<u>(165,977)</u>	<u>-</u>	<u>533,104</u>

### 14. Debtors

	2021 £	2020 £
Other debtors	189,846	72,351
Prepayments	13,100	14,752
Amounts due from Members	115	115
Total	<u>203,061</u>	<u>87,218</u>

### 15. Creditors: amounts falling due within one year

	2021 £	2020 £
Other creditors	8,023	8,023
Accruals and deferred income	42,733	15,181
Taxation and social security	10,557	7,297
Trade creditors	23,351	46,003
Total	<u>84,664</u>	<u>76,504</u>

Other creditors includes a balance at the year end in respect of the Power to Change Grant received by the Partnership from the Power to Change Trust in accordance with the Grant Agreement dated 13 October 2015, and the Business Development Grant received by the Partnership from the Big Society Capital Limited in accordance with the Side Letter Agreement dated 22 May 2015, both in its capacity as a General Partner of the Community Investment Fund. At the year end, the balance due in respect of the Power to Change Grant was £1,243 (2020 – £1,243) and the balance in respect of the Business Development Grant was £6,780 (2020 – £6,780).

## Notes to the Audited Financial Statements

For the year ended 31 December 2021 (continued)

### 16. Financial instruments

	2021 £	2020 £
<b>Financial assets</b>		
Financial assets that are debt instruments measured at amortised cost	189,846	72,351
Financial assets that are measured at fair value	617,768	775,585
<b>Total</b>	<b>807,614</b>	<b>847,936</b>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	(74,107)	(69,208)
<b>Total</b>	<b>(74,107)</b>	<b>(69,208)</b>

Financial assets measured at amortised cost comprise debtors due within one year excluding prepayments. Financial assets that are measured at fair value include cash and cash equivalents and the carrying amounts reported in the balance sheets approximate the fair value of cash at bank and in hand.

Financial liabilities measured at amortised cost comprise creditors due within one year.

### 17. Related party transactions

During the year ended 31 December 2021, the Partnership received:

- Management income of £213,852 (2020 - £350,000) from TSIF of which it is a Managing Member.
- Management income of £290,899 (2020 - £286,303) from CIF of which it is a General Partner.
- Management income of £250,000 (2020 - £250,000) from SASH of which it is a Managing Member.

During the year ended 31 December 2021, the Partnership incurred the following related party expenses:

- £1,257 (2020 - £2,990) on behalf of BR Social Investments Limited
- £157,934 (2020 - £90,347) on behalf of BR Social Investments 2 Limited
- £1,257 (2020 - £2,510) on behalf of ADK Social Investments Limited
- £1,257 (2020 - £12,350) on behalf of Social and Sustainable Capital Investments Limited
- £3,840 (2020 - £763) on behalf of SHFF 1 Limited
- £3,270 (2020 - £763) on behalf of SHFF 2 Limited
- £525 (2020 - £nil) on behalf of SASC Trust

As of 31 December 2021, the Partnership has the following related party balances:

- £44,218 (2020 - £24,218) due from SASC Trust
- £3,500 (2020 - £3,500) due from SASH
- £14,261 (2020 - £23) due from TSIF
- £109,847 (2020 - £34,301) due from SASC Bridge Finance
- £210,600 (2020 - £74,883) due to BR Social Investments 2 Limited

## Notes to the Audited Financial Statements

For the year ended 31 December 2021 (continued)

### 18. Subsidiaries and related undertakings

Name	Address of the registered office	Nature of business	Interest
Social and Sustainable Capital Investments Limited	4th Floor, Reading Bridge House, George Street, Reading, Berkshire RG1 8LS	Non-trading company	100%
SASC Bridge Finance Ltd	4th Floor, Reading Bridge House, George Street, Reading, Berkshire RG1 8LS	Financing company	100%

The Partnership's investment in Social and Sustainable Capital Investments Limited is direct ownership while SASC Bridge Finance is indirect ownership.

### 19. Immediate and ultimate controlling parties

There is no ultimate controlling party of the Partnership.

### 20. Subsequent events

In March 2022, Social Investment Business Foundation (SIB) completed the sale of ~89% of its CIF stake to Schroder BSC Social Impact Trust PLC. As part of this transaction, SIB also reduced its voting and ownership share in SASC LLP from 29% to 14.5%. SIB shall also retire its two representatives from the SASC Board.

**SASC** SOCIAL  
SUSTAINABLE CAPITAL

## **The Community Investment Fund L.P.**

**Audited Financial Statements**  
**For the year ended 31 December 2021**  
**Registered Number: LP015903**

THESE PARTNERSHIP  
ACCOUNTS FORM  
PART OF THE ACCOUNTS  
OF COMPANY  
No. OC 378639

# **The Community Investment Fund L.P.**

**Registered No.: LP015903**

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# **The Community Investment Fund L.P.**

**Registered No.: LP015903**

## **General Partner's Report**

### **Introduction**

This report is in respect of The Community Investment Fund L.P. (as defined in Note 1 of the financial statements) for the year ended 31 December 2021.

The General Partner of the Fund is Social and Sustainable Capital LLP, an English limited liability partnership. The manager and operator of the Partnership is also Social and Sustainable Capital LLP (the "Manager", "General Partner", or "SASC"). SASC is authorised and regulated by the UK Financial Conduct Authority.

### **Investment Objective and Strategy**

The Partnership carries out Investment activities in Community led Social Sector Organisations (the "SSOs") which are based in England in accordance with the Investment Objectives and Investment Policies as defined in the Limited Partnership Agreement (the "Partnership Agreement") dated 30 January 2014. The Partnership Agreement also requires the General Partner to measure the social impact of its Investment on the community in accordance with the objectives of the Partnership Agreement.

The Partnership aims to invest in community led SSOs that are:

- a) Charities or Charitable Incorporated Organisations registered with the Charity Commission of England and Wales; or
- b) Community Interest Companies (whether limited by guarantee or shares); or
- c) CLGs which are neighbourhood based, locally led organisations with social objectives; or
- d) Industrial and Provident Societies; or
- e) Wholly-owned subsidiaries of (a), (b) or (c) regardless of legal form; or
- f) A 'for profit social sector organisation' which has adopted the principles articulated in the Big Society Capital Governance Agreement.

The Partnership's ultimate aim and objective is to carry out the business of the Investor Partners with a view to producing a profit and generating social impact by providing access to loan finance, particularly unsecured loans.

### **Portfolio Review**

As at 31 December 2021, the Partnership had a total of thirteen Investments (31 December 2020: thirteen). During the year, the Partnership disposed of one Investment (31 December 2020: one) and acquired one additional new Investments (31 December 2020: two).

### **Partnership Commitments**

The Partnership has Total Commitments amounting to £18.00 million (31 December 2020: £18.00 million). At 31 December 2021, a total of £16.86 million (31 December 2020: £16.86 million) had been drawn by the Partnership.

### **Statement of Comprehensive Income**

The Partnership's Statement of Comprehensive Income set out on page 8 shows a net total income for the year of £0.35 million (31 December 2020: £0.41 million). This is comprised of total income for the year of £0.72 million (31 December 2020: £0.86 million), expenses incurred during the year of £0.37 million (31 December 2020: £0.35 million), provision for impairment of loans and receivables charged during the year of £nil million (31 December 2020: £0.11 million).



# **The Community Investment Fund L.P.**

**Registered No.: LP015903**

## **General Partner's Report (continued)**

### **Statement on Covid-19 & War in Ukraine**

2021 saw the continuation and evolution of the COVID-19 pandemic together with the associated economic uncertainties. We have continued to work hard, adapting well to the mixed home/office environment, while also confronting the reality of the various COVID-19 waves. Our working arrangements currently encourage staff to spend at least two days in the office. We will continue to monitor and assess any possible future impact on the business. The war in Ukraine is not expected to have a direct impact on the business.

### **Going concern**

Based on cash held at the date of sign off of these financial statements and projected cash flows including general partner share and limited fixed costs, the Manager believes that the Fund has adequate resources to settle its obligations as they fall due for a period of at least twelve months following the signing date of these financial statements and therefore the accounts have been prepared on a going concern basis.

### **Statement of General Partner's Responsibilities**

The General Partner has selected policies adopted with reference to the needs of its investors and the nature of the expected investments. *The General Partner considers the accounting policies selected to be the most appropriate given the operations and the circumstances of the Fund.* The more significant accounting policies are detailed in the notes to the financial statements.

The General Partner is required by the Limited Partnership Agreement to prepare financial statements for each financial period. In preparing these financial statements, the General Partner is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state the basis of preparation and accounting policies applied; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Fund will continue in business.

The General Partner is also responsible for keeping adequate accounting records that are sufficient to show and explain the Partnership's transactions and disclose with reasonable accuracy at any time the financial position of the Partnership to enable them to ensure that the financial statements comply with the Partnership Agreement. They are also responsible for safeguarding the assets of the Partnership, and taking reasonable steps for the prevention and detection of fraud and other irregularities.

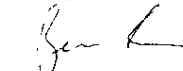
An Investment in the Fund is speculative and requires a long term commitment with no certainty of return. Returns are generated by the Fund's Investments and may be insufficient to compensate investors adequately for the business and financial risks that must be assumed. The value of Investments may fall as well as rise and a Partner may not get back the amount invested.

### **Auditor**

A resolution to reappoint BDO LLP as the auditor will be put to the General Partner in accordance with the Partnership Agreement.

All the current Members of the General Partner have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Partnership's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The Members are not aware of any relevant audit information of which the auditors are unaware.

On behalf of the General Partner:



Benjamin Rick  
3 May 2022

# **The Community Investment Fund L.P.**

**Registered No.: LP015903**

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE COMMUNITY INVESTMENT FUND LIMITED PARTNERSHIP**

### **Opinion on the special purpose financial statements**

In our opinion, the special purpose financial statements of The Community Investment Fund Limited Partnership for the year ended 31 December 2021 are prepared, in all material respects, in accordance with the accounting policies set out in Note 2.

We have audited the special purpose financial statements of The Community Investment Fund Limited Partnership (the "Partnership") for the year ended 31 December 2021 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Members' Interests, the Statement of Cash Flows and notes to the special purpose financial statements, including a summary of significant accounting policies.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK) including ISA (UK) 800. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the special purpose financial statements section of our report. We are independent of the Partnership in accordance with the ethical requirements that are relevant to our audit of the special purpose 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 special purpose financial statements, we have concluded that the General Partners use of the going concern basis of accounting in the preparation of the special purpose 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 Partnership's ability to continue as a going concern for a period of at least twelve months from when the special purpose financial statements are authorised for issue.

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

### **Emphasis of matter - basis of accounting and restriction on distribution and use**

We draw attention to Note 2 to the special purpose financial statements, which describes the basis of accounting. The special purpose financial statements are prepared to assist the Members of the Partnership to ensure the accounting policies are in line with the requirements of the LPA. As a result, the special purpose financial statements may not be suitable for another purpose. Our report is intended solely for the Members of the Partnership and should not be distributed to or used by parties other than the Members of the Partnership. Our opinion is not modified in respect of this matter.

### **Other information**

The General Partners are responsible for the other information. The other information comprises the information included in the Report of the General Partner, other than the special purpose financial statements and our auditor's report thereon. Our opinion on the special purpose 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.

# **The Community Investment Fund L.P.**

**Registered No.: LP015903**

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE COMMUNITY INVESTMENT FUND LIMITED PARTNERSHIP (*CONTINUED*)**

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the special purpose 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 special purpose 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.

### **General Partner's responsibilities for the special purpose financial statements**

The General Partners are responsible for the preparation of these special purpose financial statements in accordance with the accounting policies set out in Note 2 and for such internal control as the General Partners determine is necessary to enable the preparation of special purpose financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Partnership's financial reporting process.

### **Auditor's responsibilities for the audit of the special purpose financial statements**

Our objectives are to obtain reasonable assurance about whether the special purpose 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 special purpose 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:

These included but were not limited to compliance with the LPA agreement and the International Private Equity and Venture Capital Valuation (IPEV) Guidelines.

We focused on laws and regulations that could give rise to a material misstatement in the Limited Partnership special purpose financial statements.

Our tests included, but were not limited to:

- reviewing the special purpose financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management and the members;
- reading minutes of meetings of those charged with governance;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments;

# The Community Investment Fund L.P.

Registered No.: LP015903

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE COMMUNITY INVESTMENT FUND LIMITED PARTNERSHIP (*CONTINUED*)

- assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business; and
- considering the effectiveness of the control environment in monitoring compliance with laws and regulations.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations.

Our audit procedures were designed to respond to risks of material misstatement in the special purpose 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 special purpose 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 Partnerships Members, as a body, in accordance with the terms of our engagement letter dated 19 November 2021. Our audit work has been undertaken so that we might state to the Partnerships 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 Partnership and the Partnerships Members, as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

*Vanessa Bradley*

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BDO LLP

Chartered Accountants

London

United Kingdom

3 May 2022

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

# The Community Investment Fund L.P.

Registered No.: LP015903

## Statement of Comprehensive Income

	Notes	For the year ended 31 December 2021	For the year ended 31 December 2020
		£	£
<b>Income</b>			
Investment income		727,593	833,898
Bank interest income		-	219
Other income		-	28,500
<b>Total income</b>		<b>727,593</b>	<b>862,617</b>
Expenses	4	(373,370)	(346,153)
Provision for impairment of loans and receivables		-	(106,568)
<b>Total net income for the year</b>		<b>354,223</b>	<b>409,896</b>

All results shown in the Statement of Comprehensive Income are from continuing operations.

Income for the year and total comprehensive income for the year was £354,223 (31 December 2020: £409,896). There were no items of Other Comprehensive Income in both years.

The notes on pages 12 to 19 form an integral part of these financial statements.

# The Community Investment Fund L.P.

Registered No.: LP015903

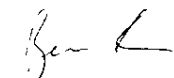
## Statement of Financial Position

	Notes	As at 31 December 2021 £	As at 31 December 2020 £
<b>Non-Current assets</b>			
Loans and receivables, net	6	11,597,770	11,306,146
<b>Current assets</b>			
Cash at bank	7	1,689,535	1,573,215
Receivables, net	8	99,469	156,563
<b>Total assets</b>		<b>13,386,774</b>	<b>13,035,924</b>
<b>Current liabilities</b>			
Payables	9	(35,721)	(39,094)
<b>Total liabilities</b>		<b>(35,721)</b>	<b>(39,094)</b>
<b>Net assets attributable to Partners</b>		<b>13,351,053</b>	<b>12,996,830</b>
<b>Partners' accounts</b>			
Capital contribution account		60	60
Loan account		13,683,311	13,683,311
Accumulated deficit		(332,318)	(686,541)
<b>Net assets attributable to Partners</b>		<b>13,351,053</b>	<b>12,996,830</b>

The notes on pages 12 to 19 form an integral part of these financial statements.

The financial statements on pages 8 to 11 were approved by the General Partner on 3 May 2022.

On behalf of the General Partner:



Benjamin Rick

3 May 2022

# The Community Investment Fund L.P.

Registered No.: LP015903

## Statement of Changes in Net Assets Attributable to Partners

	Inception to Date		
	SIBF	BSC	Total
	£	£	£
Partners' Contributions	8,304,497	8,551,695	16,856,192
Partner Transfer	(707,114)	707,114	-
Partners' Distributions	(1,515,886)	(1,656,935)	(3,172,821)
Net Loss	(256,528)	(75,790)	(332,318)
<b>Net Assets Value</b>	<b>5,824,969</b>	<b>7,526,084</b>	<b>13,351,053</b>

For the year ended 31 December 2021			
	Opening Balance	SIBF	BSC
	£	£	£
Partners' Contributions	16,856,192	(70,398)	70,398
Partners' Distributions	(3,172,821)	70,525	(70,525)
Net Income / (loss)	(686,541)	48,601	305,622
<b>Net Assets Value</b>	<b>12,996,830</b>	<b>48,728</b>	<b>305,495</b>

For the year ended 31 December 2020			
	Opening Balance	SIBF	BSC
	£	£	£
Partners' Contributions	15,956,192	400,000	500,000
Partners' Distributions	(3,172,821)	-	-
Interest Free Loan to GP	(2,290,949)	1,127,121	1,163,828
Net Loss	1,194,512	(836,024)	(1,045,029)
<b>Net Assets Value</b>	<b>11,686,934</b>	<b>691,097</b>	<b>618,799</b>

The notes on pages 12 to 19 form an integral part of these financial statements.

# The Community Investment Fund L.P.

Registered No.: LP015903

## Statement of Cash Flows

	Notes	For the year ended 31 December 2021	For the year ended 31 December 2020
		£	£
<b>Cash flows from operating activities</b>			
Total net income for the year		354,223	409,896
<i>Movement in working capital:</i>			
Decrease / (increase) in receivables	8	57,094	(31,366)
(Decrease) / increase in payables	9	(3,373)	9,696
Provision for impairment of loans and receivables	6	-	106,568
Capitalised interest from investment income	6	-	(30,488)
<b>Net cash inflow from operating activities</b>		<b>407,944</b>	<b>464,306</b>
<b>Cash flows from investing activities</b>			
Purchase of loans and receivables	6	(1,702,500)	(1,737,500)
Return of loans and receivables	6	1,410,876	1,004,311
<b>Net cash outflow from investing activities</b>		<b>(291,624)</b>	<b>(733,189)</b>
<b>Cash flows from financing activities</b>			
Loan contributions from Partners		-	900,000
<b>Net cash inflow from financing activities</b>		<b>-</b>	<b>900,000</b>
Net increase in cash and cash equivalents		116,320	631,117
Cash and cash equivalents at the start of the year		1,573,215	942,098
<b>Cash and cash equivalents at the end of the year</b>		<b>1,689,535</b>	<b>1,573,215</b>

The notes on pages 12 to 19 form an integral part of these financial statements.



# **The Community Investment Fund L.P.**

**Registered No.: LP015903**

## **Notes to the Audited Financial Statements**

### **Note 1 - General information**

The Community Investment Fund L.P. (the "Fund" or the "Partnership") was formed on 30 January 2014 as a limited partnership under the U.K's Limited Partnerships Act 1907. The General Partner is responsible for managing the Partnership pursuant to the terms of the Limited Partnership Agreement (the "Partnership Agreement" or "LPA") dated 30 January 2014.

The General Partner of the Partnership is Social and Sustainable Capital LLP (the "General Partner"), a limited liability partnership incorporated in the U.K on 20 September 2012.

The Partnership's Investment Objective is as set out in the General Partner's report.

Capitalised terms used but not defined herein shall have the meaning assigned to them in the Partnership Agreement.

The Partnership's registered office address is 4<sup>th</sup> Floor Reading Bridge House, George Street, Reading, Berkshire, United Kingdom, RG1 8LS.

### **Note 2 - Significant accounting policies**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to the period presented, unless otherwise stated.

#### **Basis of preparation**

The financial statements have been prepared in accordance with Financial Reporting Standard ("FRS") 102, the FRS applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006. The financial statements are prepared on going concern basis.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the entity's accounting policies.

#### **Going concern**

Based on cash held at the date of sign off of these financial statements and projected cash flows including general partner share and limited fixed costs, the Manager believes that the Fund has adequate resources to settle its obligations as they fall due for a period of at least twelve months following the signing date of these financial statements and therefore the accounts have been prepared on a going concern basis.

#### **Investment income**

Investment income is derived from a financial asset in the form of Interest income, which is recognised when it is probable that the economic benefits will flow to the Partnership, and the amount of interest can be measured reliably. Interest income is accrued on a time basis by reference to the principal outstanding and at the effective interest rate applicable.

#### **Bank interest income**

Bank interest income is derived from Cash at bank and recognised using the effective interest method.

#### **Other income**

Other income includes Arrangement Fee charged to the Partnership's Investments for issuing loans, which is fully recognised in the Statement of Comprehensive Income in the period that it is earned.

#### **Partnership expenses**

Expenses are included in the Statement of Comprehensive Income on an accrual basis.

# **The Community Investment Fund L.P.**

**Registered No.: LP015903**

## **Notes to the Audited Financial Statements (continued)**

### **Note 2 - Significant accounting policies (continued)**

#### **Financial instruments**

The Partnership normally invests in debt instruments for community led SSOs.

Financial assets are assets whose value is derived from a contractual claim, such as bank deposits, bonds, and stocks. The relevant financial assets in these financial statements are loans, receivables, cash and cash equivalents, trade receivables and accrued income.

#### *Loans and receivables*

##### **(i) Classification**

The Partnership classifies its investments as loans and receivables. These financial assets have been designated by the General Partner as loans and receivables.

##### **(ii) Initial and subsequent measurement**

Regular purchases and sales of Investments are recognised on the trade date – the date on which the Partnership becomes a party to the contractual provisions of the Investment.

Financial assets recognised as loans and receivables, should be measured at amortised cost using the effective interest method.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the net carrying amount of the financial asset or liability. Financial assets that are not carried at fair value through the Statement of Financial Position are subject to an impairment test. If expected life cannot be determined reliably, then the contractual life is used.

##### **(iii) Capitalisation of interest**

When it has been agreed with the borrower or in accordance with the Loan's Facility Agreement, interests are capitalised and form part of the Investment's carrying amount.

##### **(iv) Derecognition**

Investments are derecognised when the rights to receive cash flows from Investments have expired or the Partnership has substantially transferred all risk and rewards of ownership.

##### **(v) Impairment policy**

The Partnership assess at each Statement of Financial Position date whether there is any objective evidence of impairment. If any such evidence exists, the Partnership will perform a detailed impairment calculation to determine whether an impairment loss should be recognised. The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated cash flows discounted at the financial asset's original effective interest rate.

If, in a subsequent period, the amount of the impairment loss relating to a financial asset carried at amortised cost decreases due to an event occurring after the impairment was originally recognised, the previously recognised impairment loss is reversed through the Statement of Comprehensive Income.

#### *Trade and other receivables*

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost less a provision for any uncollectible amounts. Other non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable.

# **The Community Investment Fund L.P.**

**Registered No.: LP015903**

## **Notes to the Audited Financial Statements (continued)**

### **Note 2 - Significant accounting policies (continued)**

#### **Financial instruments (continued)**

##### *Trade and other receivables (continued)*

Where the carrying value of an asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to sell), the asset is written down accordingly. Impairment charges will be included in the Statement of Comprehensive Income, to the extent they reverse income previously recognised.

##### *Cash and cash equivalents*

Cash and cash equivalents include cash at hand, demand deposits, other short term highly liquid investments with original maturities of three months or less and that are subject to an insignificant risk of change in value.

##### *Financial liabilities*

Financial liabilities such as trade and other payables are initially recognised at fair value, and subsequently measured at amortised cost.

#### **Taxation**

No provision has been made for taxation in the Partnership. Each Limited Partner is exclusively liable for any tax liabilities arising out of its interest in the Partnership, which will be assessed on each Partner and not on the Partnership.

#### **Functional and presentation currency**

The financial statements of the Partnership are presented in U.K. Sterling, which is the Partnership's functional and presentation currency. The Partnership's performance is evaluated and its liquidity is managed in U.K. Sterling. Therefore, the U.K. Sterling is considered as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions.

#### **Distributions of income proceeds and capital proceeds**

Proceeds of the Partnership shall be distributed in accordance with clause 11 of the Partnership Agreement, in Sterling, as soon as practicable after each Calculation Date in respect of the semi-annual periods ended on such dates, or more frequently at the discretion of the General Partner.

Without prejudice to any other provisions of this Agreement, the General Partner shall manage the cash balances of the Partnership so as not, in its reasonable opinion, to retain at any time cash within the Partnership which is in excess of an appropriate amount for the prudent operation of the Partnership, the needs of the Partnership and reserves for follow-on Investments in Portfolio Companies. If a proposed Investment does not proceed to completion, the General Partner shall cause the Partnership to distribute sums drawn down for such proposed Investment within 90 days from the date on which those sums were drawn down.

After payment of, or reservation of amounts for the payment of, the expenses and liabilities of the Partnership and subject to clauses 5, 11.2 and 11.5 of the Partnership Agreement, any Proceeds allocated to each Limited Partner in respect of Net Income and Capital Gains during a Calculation Period will be distributed in accordance with clause 11.4 as follows:

a) firstly, in order to pay any amounts required to be paid under clause 11.1.6; and

# **The Community Investment Fund L.P.**

**Registered No.: LP015903**

## **Notes to the Audited Financial Statements (continued)**

### **Note 2 - Significant accounting policies (continued)**

#### **Distributions of income proceeds and capital proceeds (continued)**

b) secondly:

(i) if the Cumulative Carry Reconciler Amount in respect of a Limited Partner for the Calculation Period is a positive amount, then subject to clause 11.3, Proceeds equalling such amount shall be distributed to the General Partner and any remaining Proceeds shall be distributed to the Limited Partner; or

(ii) if the Cumulative Carry Reconciler Amount for the Calculation Period is a zero or a negative amount, then all distributable Proceeds will be distributed to the Limited Partner and, in the event that a Limited Partner has not received the Preferred Return, an amount previously distributed to the General Partner and held in the Escrow Account shall be transferred to the Limited Partner such that it receives an amount equal to the Preferred Return for the Calculation Period.

### **Note 3 - General Partner's Share**

General Partner's Share of the Partnership is calculated in accordance with the provisions of the side letter summary ("Side Letter") dated 04 July 2016 which replaces the clause 9.2 of the Partnership Agreement.

The General Partner's Share ("GPS") is treated as a non-recourse expense in the Statement of Comprehensive Income. The GPS share for the year ended 31 December 2021 was £290,899 (31 December 2020: £286,303). For the two Limited Partners, the GPS is calculated as follows:

Big Society Capital Limited ("BSC"),

(i) from the Initial Closing Date until 30 June 2016, the General Partner's Share in respect of the Investor shall be £150,000 per Accounting Period;

(ii) on and after 01 July 2016 until the fifth anniversary of the Initial Closing Date, the General Partner's Share for each Accounting Period in respect of the Investor shall be 2.5 per cent of the amount of the Investor's Commitment as at the end of that Accounting Period; and

(iii) on and after the fifth anniversary of the Initial Closing Date, the General Partner's Share in respect of the Investor shall be 0.625 per cent of (i) the aggregate value of the Investments attributable to the Investor as at the end of each Calculation Period or (ii) the Investor's Funded Commitments as at the end of each Calculation Period, whichever (in respect of any given Calculation Period) is lower.

The Social Investment Business Foundation (the "SIBF"),

(i) from the Initial Closing Date until the fifth anniversary of the Initial Closing Date, the General Partner's Share in respect of the Investor shall be 2.5 per cent of the Investor's Commitment; and

(ii) on and after the fifth anniversary of the Initial Closing Date, the General Partner's Share in respect of the Investor shall be 0.625 per cent of (i) the aggregate value of the Investments attributable to the Investor as at the end of each Calculation Period or (ii) the Investor's Funded Commitments as at the end of each Calculation Period, whichever (in respect of any given Calculation Period) is lower.

Following the date upon which the Investor elects to cancel any Undrawn Loan Commitments and to withdraw the remainder of its Interest (the "Cancellation Date"), the General Partner's Share in respect of the Investor shall be calculated as follows:

(i) from the Cancellation Date until the second anniversary of the Cancellation Date, the General Partner's Share in respect of the Investor shall be 1.25 per cent of (i) the aggregate value of the Investments attributable to the Investor as at the end of each Calculation Period or (ii) the Investor's Funded Commitments as at the end of each Calculation Period, whichever (in respect of any given Calculation Period) is lower; and

# The Community Investment Fund L.P.

Registered No.: LP015903

## Notes to the Audited Financial Statements (continued)

### Note 3 – General Partner's Share (continued)

(ii) on and after the second anniversary of the Cancellation Date until the dissolution and termination of the Partnership, the General Partner's Share in respect of the Investor shall be 0.75 per cent of (i) the aggregate value of the Investments attributable to the Investor as at the end of each Calculation Period, whichever (in respect of any given Calculation Period) is lower.

### Note 4 – Expenses

	As at 31 December 2021 £	As at 31 December 2020 £
General Partner's Share	290,899	286,303
Legal fees	1,714	5,731
Audit fees	12,914	11,971
Administration fees	39,595	39,982
Other expenses	28,248	2,166
<b>Total</b>	<b>373,370</b>	<b>346,152</b>

### Note 5 – Related Party Disclosures

The Partners are a related party to the Partnership. During the year, the General Partner has received the General Partner's Share from the Partnership as disclosed in Note 3.

No other transactions have occurred between related parties apart from those mentioned above.

### Note 6 – Loans and receivables, net

#### Purchases and Disposals

During the year ended 31 December 2021, the Partnership invested a total of £1.70 million (31 December 2020: £1.77 million), which includes capitalised interest of £nil (31 December 2020: £0.03 million). During the year, the Partnership disposed a total of £1.98 million (31 December 2020: £1.00 million) in the portfolio investments. The disposal arises upon partial repayment of loans and receivables, and in instances when it has been agreed with the borrower to make an early repayment of whole or part of the loan in accordance with the financial instruments Facility Agreements.

#### Inception to date

	Loans £	Disposals £	Provision for impairment £	As at 31 December 2021 £
Loans and receivables	20,388,515	(8,790,745)	-	11,597,770
<b>Total</b>	<b>20,388,515</b>	<b>(8,790,745)</b>	<b>-</b>	<b>11,597,770</b>

#### Year ended 31 December 2021

	As at 1 January 2021 £	Additions £	Disposals £	Provision for impairment £	As at 31 December 2021 £
Loans and receivables	11,306,146	1,702,500	(1,982,444)	571,568	11,597,770
<b>Total</b>	<b>11,306,146</b>	<b>1,702,500</b>	<b>(1,982,444)</b>	<b>571,568</b>	<b>11,597,770</b>

# The Community Investment Fund L.P.

Registered No.: LP015903

## Notes to the Audited Financial Statements (continued)

### Note 6 - Loans and receivables, net (continued)

#### Year ended 31 December 2020

	As at 1 January 2020 £	Additions £	Disposals £	Provision for impairment £	As at 31 December 2020 £
Loans and receivables	10,649,037	1,767,988	(1,004,311)	(106,568)	11,306,146
<b>Total</b>	<b>10,649,037</b>	<b>1,767,988</b>	<b>(1,004,311)</b>	<b>(106,568)</b>	<b>11,306,146</b>

The portfolio financial assets are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is an indication that an asset may be impaired, the carrying value of the asset is tested for an impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in the period need revision.

### Note 7 - Cash and cash equivalents

	As at 31 December 2021 £	As at 31 December 2020 £
Cash at bank	1,689,535	1,573,215
<b>Total</b>	<b>1,689,535</b>	<b>1,573,215</b>

### Note 8 - Receivables, net

	As at 31 December 2021 £	As at 31 December 2020 £
Receivable from Investments	99,469	156,563
<b>Total</b>	<b>99,469</b>	<b>156,563</b>

### Note 9 - Payables

	As at 31 December 2021 £	As at 31 December 2020 £
Payables and accruals	32,968	36,672
Deferred Income	2,753	2,422
<b>Total</b>	<b>35,721</b>	<b>39,094</b>

### Note 10 - Financial risk management

#### Risk management structure

The General Partner sets objectives, policies and processes for managing and monitoring the overall risk within the Partnership. This note provides further information on the specific risks faced by the Partnership.

# The Community Investment Fund L.P.

Registered No.: LP015903

## Notes to the Audited Financial Statements (continued)

### Note 10 - Financial risk management (continued)

#### Risk management structure (continued)

The capital structure of the Partnership consists of equity commitments made by the Limited Partners in accordance with the Partnership Agreement. Hence, the General Partner believes that the Partnership has sufficient capital to cover its liabilities. Further capital is called from the Limited Partners in accordance with the Partnership Agreement.

#### Credit risk

Credit risk is the potential that an issuer, counterparty or an underlying Investment third party will be unable to meet commitments that it has entered into with the Partnership and/ or the commitments with underlying Investments of the Partnership.

At the reporting date, the Partnership's financial assets exposed to credit risk amounted to the following:

	As at 31 December 2021 £	As at 31 December 2020 £
Loans and receivables	11,597,770	11,306,146
Operating and other receivables	99,469	156,563
Cash and cash equivalents	1,689,535	1,573,215
<b>Total</b>	<b>13,386,774</b>	<b>13,035,924</b>

At the Partnership level, the maximum exposure to credit risk, in the event that counterparties fail to perform their obligations as at year-end, is the carrying amount of those assets as indicated in the Statement of Financial Position. Concentrations of credit risk exist when changes in economic, industry or geographic factors similarly affect the Partnership's counterparties whose aggregate credit exposure is significant in relation to the Partnership's total credit exposure.

As at 31 December 2021, there is no impairment provision (31 December 2020: £0.11 million) and no write off (31 December 2020: £nil) was recognised in the Statement of Comprehensive Income.

#### Liquidity risk

Liquidity risk is the risk that the Partnership may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

The Partnership's Investments are subject to liquidity risk in the normal course of business. The General Partner manages this risk by ensuring that sufficient funds exist to meet outstanding commitments, other liabilities incurred by the operating activities of the Partnership and short term liquidity needs, as and when they fall due.

#### Capital risk management

The capital of the Partnership is represented by the net assets attributable to the Partners. The Partnership's objective when managing the capital is to safeguard the ability to continue as a going concern in order to provide returns for Partners and benefits for other stakeholders and to maintain a strong capital base to support the development of the Investment activities of the Partnership. In order to maintain or adjust the capital structure, the General Partner may call unfunded commitments from the Limited Partners or distribute funds to the Limited Partners. The General Partner monitors capital on the basis of the value of net assets attributable to the Limited Partners.

# **The Community Investment Fund L.P.**

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## **Notes to the Audited Financial Statements (continued)**

### **Note 11 – Subsequent Event**

The Partnership made a further total investment of £ 0.3 million to Caring for Communities on 8 February 2022.

In March 2022, Social Investment Business Foundation (SIB) completed the sale of ~89% of its stake to Schroder BSC Social Impact Trust PLC. SIB's ownership stake following this sale is 4.63%.

There are no subsequent events that would materially affect the interpretation of these financial statements.



# **The Community Investment Fund L.P.**

**Registered No.: LP015903**

## **General Information**

### **General Partner**

Social and Sustainable Capital LLP  
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Reading, RG1 8LS  
United Kingdom

### **Banker**

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2 Triton Square, Regents' Place  
London NW1 3AN  
United Kingdom

### **Limited Partners**

Social Investment Business Foundation  
Can Mezzanine  
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United Kingdom

Big Society Capital Limited  
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### **Independent Auditor**

BDO LLP  
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United Kingdom

### **Independent Fund Administrator**

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### **Legal Advisor**

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