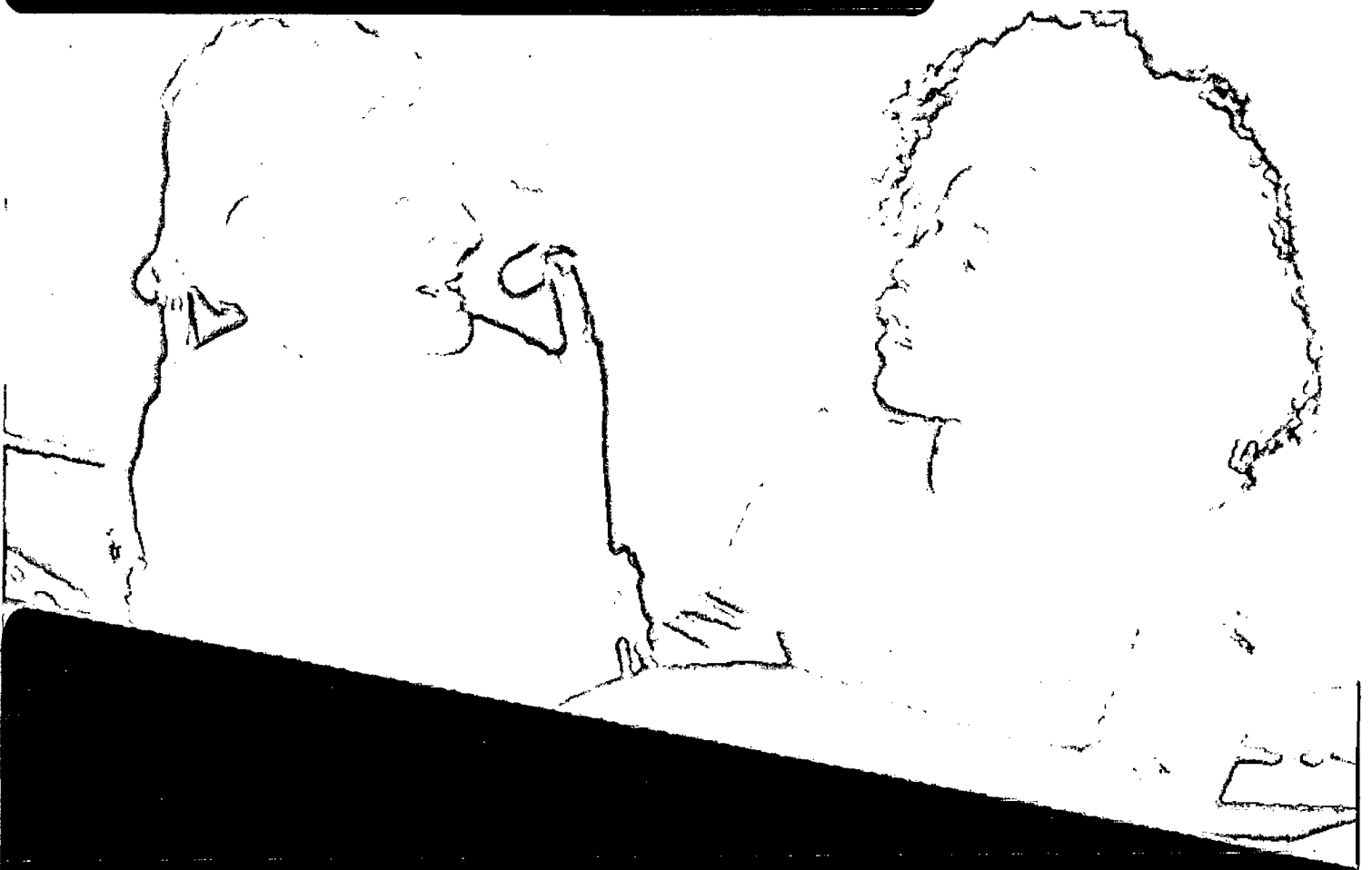




**Social
Investment
Business**



**Social Investment Business Limited
Report and Financial Statements**

Year Ended 31 March 2020

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Social Investment Business Limited
Report and financial statements for the year ended 31 March 2020

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Directors

Rt Hon Hazel Blears

Jenny North

Jeremy Newman (resigned 30th January 2021)

Jeremy Nicholls

James Rice

Louise Keeling (resigned 30th December 2020)

Richard Pelly OBE

Amina Ahmad (appointed 13th November 2019)

Secretary and registered office

Sarah Watson (appointed 16th January 2020, resigned 20th November 2020)

Nick Temple (29th March 2019 to 16th January 2020, re-appointed 11th December 2020)

CAN Mezzanine, 7-14 Great Dover Street, London

SE1 4YR

Company number

6490609

Auditors

BDO LLP, 2 City Place, Beehive Ring Road, Gatwick

West Sussex, RH6 0PA

Social Investment Business Limited

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2020

The Directors of Social Investment Business Limited (SIBL) present their report together with the audited financial statements for the year ended 31 March 2020.

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 both SIBL and Forward Enterprise FM Ltd (FEFM), which holds and delivers fund management contracts on behalf of third parties, including Government departments, and Futurebuilders England Limited (FBE), which holds the assets of the Futurebuilders and Modernisation Funds. 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 2019/20 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

We have continued to prioritise involving customers in the four D's of our work: direction, design, delivery and decision-making. At the centre of this has continued to be our customer panel which provides advice on strategic and operational matters alike – as well as informing the organisation's view of what is happening on the ground. We are planning to expand and refresh the customer panel in the year ahead.

Our four-question survey has continued to be sent out at key points to all customers (grants and investments) to get real-time feedback and information that we can use to improve our work. Alongside this regular feedback, we have continued with a robust and rigorous approach to formal complaints.

Finally, the relational nature of our customer support has continued in our investment and grant portfolios alike – this escalated rapidly towards the end of the year as Covid-19 hit, and our teams contacted all customers to offer support, variations, flexibility, information and advice.

2.2 Being an impactful investor and support provider

Highlights of activity during the year under this priority include:

- Running the Launch Grants Round of the Youth Endowment Fund, with our partners Impetus & the Early Intervention Foundation, awarding over £18m to 24 projects across England and Wales
- Managing existing social investment portfolios with flexibility and an impact-first mindset, notably Futurebuilders, Communitybuilders and the Social Enterprise Investment Fund in Health (SEIF)
- Making further investments under the Forward Enterprise Fund, helping small organisations supporting those coming out of offending or recovering from addiction
- Bringing other smaller investment funds into active lending, including the Northern Cultural Regeneration Fund, First Steps (with Asda) and the Liverpool City Region Impact Fund
- 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 and equalities, working with partners Centre for Youth Impact, Homeless Link, Association of Mental Health Providers and Equally Ours.
- Working with the Architectural Heritage Fund and the National Lottery Community Fund Scotland to broker and provide tailored support

2.3 Influencing and shaping the landscape to be more effective

The work of the Learning & Influence team has accelerated in this year with projects including:

- Looking in-depth at the data and lessons from the Futurebuilders portfolio
- The Social Economy Data Lab – working with other social investors on open and consistent standards
- Producing SIBL's first Impact Report for several years (published in this financial year, even if reporting on the previous one); this was accompanied by detailed articles about our impact approach

Social Investment Business Limited
Directors' report for the year ended 31 March 2020

Influential cross-sector initiatives such as the Diversity Forum and the Equality Impact Investing Project are now hosted at SIBL and supported directly by the team. SIBL representatives have also been invited on to the board of the Impact Investing Institute and Big Society Capital's Advisory Council, extending our ability to influence. 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

This year continued SIBL's stronger performance in winning new business through major partnerships: in addition to those secured at the end of the previous financial year (the Youth Endowment Fund, Futurebuilders renewal, Access strategic grants partner), we added in this year being grants partner to Power to Change, a contract which starts officially in June 2020. In addition to existing work and partnerships, this puts the organisation in a stronger commercial position than for some time.

2.5 Investing in our people and systems to help achieve excellence

(a) People

Work during the year has focused on two main areas:

- Firstly, continuing to implement a people strategy focused on attracting, retaining and recognising great talent that supports the delivery of our overall strategy. Building and sustaining our culture, recruiting and retaining an engaged, motivated, highly skilled and fairly rewarded team, and strengthening the leadership team at senior level and on the board continue to be priorities.
- Secondly, equality, diversity and inclusion is a continuing priority – having reported openly externally on the make-up of our team and our gender pay gap in our Impact Report, there is now an EDI working group established internally at SIBL and an agreed action plan to push this agenda forward

(b) Systems

The transition to Office365 and IT support provider has been successful, and the transfer to new finance and loan book systems continues apace, with work also continuing on moving our data and processes to systems that are fit-for-purpose.

We have 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 only starting to have an impact towards the end of this financial year, Covid-19 will obviously affect future developments and the year ahead, as it will influence all elements of the business, including:

- New demand for managing new emergency response grants and finance programmes
- Remote and online working / transition to systems
- Customers' business models being affected by lockdown
- Demand for existing funds changing

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
>> 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

Additionally, the impact of Covid-19 will be added to the risk register formally at the start of next financial year, given the likely and significant effect across multiple areas for the organisation.

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 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.

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.

6 This year's performance

- SIBL reported a loss of £564k. (2019 profit of £78k)
- Income for the year was £6.3m (2019 £7.1m) whilst expenditure decreased from the prior year to £6.8m (2019 £7.0m).
- The expenditure is made up of fund management costs of £2,688k including staff costs which account for 65% of the costs, and funds costs (grants awarded) of £4,160k
- The cash position of SIBL remains strong but reduced on prior year at £658k (2019 £1,924k)

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:

Nick Temple	Chief Executive
Sarah Watson	Director of Finance & Operations (4 th November 19 to 20 th November 20)
Phil King	Interim Director of Finance (from 6 th January 21)
Rob Benfield	Director of Enterprise and Development
Shelby Bradley	Director of People & Values
Gen Maitland Hudson	Director of Learning and Influence

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 annual 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

Social Investment Business Limited
Directors' report for the year ended 31 March 2020

that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

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

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

(d) Related parties

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

(e) Disclosure of Information to Auditors

In so far as the Directors are aware:

- there is no relevant audit information of which the Company's auditor is unaware
- the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

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

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.

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.

Social Investment Business Limited
Directors' report for the year ended 31 March 2020

Approved by the Directors of SIB Limited on 29 March 2021 and signed on their behalf.

A handwritten signature in black ink, appearing to read 'Hazel Bleas', with a horizontal line underneath the name.

Rt Hon Hazel Bleas

Director

29th March 2021

Auditor's Report

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

Opinion

We have audited the financial statements of Social Investment Business Limited ("the Company") for the year ended 31 March 2020 which comprise the Income statement, 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).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; 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 for the report and financial statements, 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

Social Investment Business Limited

Auditor's report for the year ended 31 March 2020

necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located 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 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.

BDO LLP

Fiona Condron (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
Gatwick, UK

Date: 31 March 2021

Social Investment Business Limited

Auditor's report for the year ended 31 March 2020

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

Social Investment Business Limited
Statement of Accounts for the year ended 31 March 2020

Statement of Accounts

Social Investment Business Limited

Income Statement

For the year ended 31 March 2020

	Notes 1(c)	2020 £ '000	2019 Restated £ '000
Turnover			
Fund and Grant management income	2	1,874	2,227
Grant income	2	4,156	4,550
Other income		254	289
		6,284	7,066
Cost of sales			
Grants awarded	3	(4,160)	(4,550)
Administrative and operational expenses	3	(2,688)	(2,438)
		(564)	78
Operating (loss)/profit			
		(564)	78
Net (loss)/profit on ordinary activities before taxation			
		(564)	78
Tax (charge) on profit on ordinary activities	5	-	-
		-	-
(Loss)/profit for the financial year			
		(564)	78

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

The Notes on page 15 to 22 form part of these financial statements

Social Investment Business Limited
Statement of Accounts for the year ended 31 March 2020

Social Investment Business Limited

Company no 6490609

Balance Sheet

as at 31 March 2020

	Notes 1(c)	2020 £ '000	2019 Restated £ '000
Fixed Assets			
Tangible fixed assets	6	-	20
		-	20
Current assets			
Debtors	7	714	530
Cash at bank and in hand		658	1,924
		1,372	2,454
Creditors			
Creditors: amounts falling due within one ye	8	(734)	(1,209)
		(734)	(1,209)
Net current assets			
		638	1,245
Total assets less current liabilities			
		638	1,265
Creditors due after more than 1 year - amount due to parent			
	9	(203)	(266)
Net assets			
		435	999
Profit and loss account			
	10	435	999
Total shareholders' funds			
		435	999

The Notes on page 15 to 22 form part of these financial statements

The financial statements were approved by the Board of Directors and authorised for issue on 29 March 2021.



Rt Hon Hazel Blears
Director



Jagjit Dosanjh-Elton
Director

Social Investment Business Limited

Notes to the Financial Statements

For the year ended 31 March 2020

1 Significant accounting policies

(a) Basis of preparation

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

SIB Limited has a wholly owned subsidiary: Futurebuilders England Limited (FBE), Company no: 5066676. Both companies are incorporated in the UK, registered address CAN Mezzanine, 7-14 Great Dover street, London, United Kingdom, SE1 4YR.

These financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom including Financial Reporting Standard FRS 102 - *"The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland"*. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

(b) Going concern

The Directors have 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) Restatement of prior year accounts

The Trustees having considered the terms of the agreement as well as how the agreement operates in practice, believe that it is appropriate to recognise that Social Investment Business Ltd. (SIBL) is acting as Principal for the Access Reach and Access EDP Grant Funds, and not as Agent. Accordingly, the income and expenditure of these funds are now recorded in the accounts both for the current year and the restated prior year accounts. The Grant income and Grants awarded in 2018/19 were £4,550k.

Due to the receipt of advance grant payments totalling £680k from the funders, the cash balance as at 31 March 2019 increased from £1,244k to £1,924k, and the creditors balance due in less than one year increased from £529k to £1,209k. The restatement had no impact on the Company's net assets or result for 2018/19 as previously reported.

(d) 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.

(e) 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

(f) 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.

1 Significant accounting policies (continued)

(g) 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.

(h) Taxation

Corporation tax expense comprises both current tax and deferred tax and is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Current tax is the amount of income tax payable based on the taxable profit for the current year, plus any adjustments to corporation tax payable in respect of prior years.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the consolidated financial statements.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences or tax losses can be utilised.

(i) 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.

(j) 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.

(k) Investments

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

(l) 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.

Social Investment Business Limited

Notes to the Financial Statements for the year ended 31 March 2020

2 Turnover

	2020	2019
	£ '000	Restated £ '000
Fund management income	1,874	2,227
Grant income	4,156	4,550
Other income	254	289
	<u>6,284</u>	<u>7,066</u>

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

3 Administrative and operational expenses

	2020	2019
	£ '000	Restated £ '000
Grants made	4,160	4,550
Other administrative and operational expenses	2,688	2,438
	<u>6,848</u>	<u>6,988</u>

4 Staff costs

	2020	2019
	£ '000	£ '000
Wages and salaries	1,409	1,311
Social security costs	149	136
Other pension costs	180	95
	<u>1,738</u>	<u>1,542</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 £45,480 (2019: £46,618) of which the Chair was paid £12,480 (2019: £12,480). Directors received pension payments of £NIL (2019: £NIL) and re-imbursed expenses of £1,121 (2019: £1,435).

Remuneration for the senior management team totalled £297,578 (2019: £280,708), including pension payments of £26,185 (2019: £24,669). During the year nil compensation was made to employees for loss of office (2019: £8,000).

Social Investment Business Limited

Notes to the Financial Statements for the year ended 31 March 2020

The monthly average number of employees was as follows:

	2020	2019
	Number	Number
Operational staff	30	23
Management staff	4	4
	34	27
 Senior employees salary		
	2020	2019
	Number	Number
£60,000 - £69,999	3	2
£70,000 - £79,999	-	-
£90,000 - £99,999*	1	1
	4	3

* Includes Chief Executive Officer

4.1 Board and Investment Committee costs

	Salary		Expenses	
	2020	2019	2020	2019
	£	£	£	£
Hazel Blears	12,480	12,480	-	483
Fred Worth	-	-	-	77
Jeremy Newman	7,000	7,000	861	216
Louise Keeling	7,000	7,000	-	-
Richard Pelly	7,000	7,000	-	-
Julie Currie	-	1,138	-	-
Jim Rice	4,000	4,000	-	-
Anand Shukla	-	-	-	78
Jeremy Nicholls	4,000	4,000	260	581
Jenny North	4,000	4,000	-	-
Amina Ahmad	-	-	-	-
	45,480	46,618	1,121	1,435

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

Social Investment Business Limited

Notes to the Financial Statements for the year ended 31 March 2020

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 £179,709. (2019: £95,000).

The pension contributions for the above senior employees staff totalled £26,185 during the period (2019: £30,636). The contributions are made on a salary sacrifice basis. The number of senior employees to whom retirement benefits are accruing under the defined contribution scheme is 4 (2019: 4).

Outstanding pension contributions for the Company at the year end were £3,176 (2019: £22,462).

5 Tax on profit/(loss) on ordinary activities

	2020 £ '000	2019 £ '000
Profit/(loss) on ordinary activities before taxation	<u>(564)</u>	<u>79</u>
Tax at 19% thereon	107	(15)
<i>Effects of:</i>		
Deferred tax adjustment for change in tax rate	13	
Deferred tax not recognised	(120)	-
Utilisation of tax losses	-	15
Actual current tax (charge)/ credit	<u>-</u>	<u>-</u>

Factors that may affect the future tax charge:

A potential deferred tax credit of £116,525 exists at the year end (2019: tax liability £3,287) relating to fixed asset timing differences. This has not been recognised within the accounts.

Social Investment Business Limited

Notes to the Financial Statements for the year ended 31 March 2020

6 Tangible fixed assets

	Office equipment & IT £ '000
Cost	
at 1 April 2019	149
Additions	-
at 31 March 2020	149
Accumulated depreciation	
at 1 April 2019	129
Charge for the period	20
at 31 March 2020	149
Net book value	
At 31 March 2020	-
At 31 March 2019	20

7 Debtors

	2020 £ '000	2019 £ '000
Trade debtors	398	88
Amounts due from group companies	147	142
Other debtors	57	174
Prepayments	67	89
Accrued income	45	37
	714	530

8 Creditors: amounts falling due within one year

	2020 £ '000	2019 £ '000
Trade creditors	46	263
Amounts due to parent company	19	5
Taxation and social security	192	29
Other creditors	2	15
Deferred income	16	9
Accruals	459	888
	734	1,209

Social Investment Business Limited

Notes to the Financial Statements for the year ended 31 March 2020

9 Creditors amounts falling due after one year

	2020 £ '000	2019 £ '000
Loan due to parent company	<u>(203)</u>	<u>(266)</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

	2020 £ '000	2019 £ '000
Opening reserves brought forward	999	921
(Loss) / Profit for the period	<u>(564)</u>	<u>78</u>
Closing reserves carried forward	<u>435</u>	<u>999</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 £1,261 in costs to Locality (2019: £1,298) relating 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.

12 Ultimate controlling party

SIBF, a charity and company (Company number 5777484) 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.