



**Social
Investment
Business**

Report and Financial Statements

Year Ended 31
March 2018

Company Number 6490609



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Social Investment Business Limited

Report and financial statements
for the year ended 31 March 2018

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Directors

Rt Hon Hazel Blears
Jenny North
Jeremy Newman
Jeremy Nicholls
Jim Rice
Julie Currie
Louise Keeling
Richard Pelly OBE

Secretary and registered office

Paul Green (Resigned 12 July 2017)
Caroline Forster (Appointed 12 July 2017)
Can Mezzanine, 7-14 Great Dover Street, London
SE1 4YR

Company number

5066676

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 2018

1. Directors Report

The Directors of Social Investment Business Limited (SIB Ltd) present their report together with the audited financial statements for the year ended 31 March 2018.

2. Objectives and Activities

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

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

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

All our activities are underpinned by:

- aiming to maximise the impact we can have with the resources we have
- placing our customers at the heart of the business
- our five core values that inform our relationships with the charities and social enterprises we work with and how we conduct our everyday work:

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

3. The Group's specific objectives for the year 2017/18 were:

1. Protect the Foundation's assets so that we can generate funds for investment.
2. Improve Social Impact measurement to understand how we are helping impact led organisations to improve people's lives.
3. Invest in our people to support excellent service delivery.
4. Invest in and improve systems to support excellent service delivery.
5. Develop new business by listening to our customers, using our experience and collaborating with partners to run pilots and programmes and build on approaches that work.
6. Develop as a learning organisation by drawing on emerging lessons from all corporate activity to inform current and future operations and share lessons learned via research reports.
7. Deliver high quality customer service.

Social Investment Business Limited

Directors report for the year ended 31 March 2018

How did we do?

This section of the report details the progress we made against our seven key objectives for the year:

3.1 Protect the Foundation's assets so that we can generate funds for investment.

We have achieved better than expected levels of loan repayments through the team supporting loan investees to improve performance, particularly cases where we were not expecting to receive scheduled repayments.

In 2017/18, we committed grants of £8,563,985 to 256 charities and social enterprises, through programmes we run on behalf of partners, Big Lottery Fund and Access – The Foundation for Social Investment. Big Potential Advanced and Big Potential Breakthrough, which we manage on behalf of the Big Lottery Fund, both closed to applications in 2017. We committed and disbursed 323 grants totalling £19,415,000 from these funds during a three-year period. We will continue to manage and monitor these grants until 2020. Until it closed to applications in late 2017, Big Potential was the most significant investment readiness fund in operation in England.

On behalf of Access we manage the Reach Fund. Social investors are often approached by charities and social investors who need extra support to enable them to raise money. Social investor can refer these organisations to the Reach Fund to apply for grants to pay for the support they need. We have also been part of a consortium delivering Access's Impact Management Programme which is led by New Philanthropy Capital. The two-year programme aims to build the capacity of charities and social enterprises to manage their impact - helping them increase their social impact and diversify their income. We managed the grants element of the programme.

3.2 Improve Social Impact measurement to understand how we are helping impact led organisations to improve people's lives.

Overseen by the Board's Impact Committee, in 2017/18 we developed a fund impact assessment framework to support decisions on new fund ideas. The framework considers factors including fund purpose and impact potential for charities and social enterprises who might apply to the fund and their users. It also looks at sustainability of new ideas and the potential for us to learn from the ideas and share that learning. We will also develop specific Impact Frameworks for all new funds which we will use to monitor their impact. The first example of this is the Forward Enterprise Fund. With this fund we will collect information to assess the impact of the fund on:

- users / beneficiaries i.e. people in recovery, such as increased employment opportunities and increased acceptance of people in recovery in the work place
- building financial sustainability and business effectiveness of the charities and social enterprises
- the quality of the support provided by SIB

3.3 Invest in our people to support excellent service delivery.

We continue to embed our values in all areas of our work. Our values form part of our recruitment processes and inform new areas of work including the Staff Challenge (see below) and research and business development activity.

Social Investment Business Limited

Directors report for the year ended 31 March 2018

We recruited a new Chief Executive Officer, Nick Temple. Nick joined us in January 2018, from his previous role as Deputy Chief Executive of Social Enterprise UK. We have enhanced our research capabilities in the year by recruiting two members of staff to support our growing activity in this space.

During the year, we completed a role benchmarking exercise and developed a new job evaluation framework. We have also reviewed our overall benefits packages to ensure that we are able to attract and retain talented and committed staff.

3.4 Invest in and improve systems to support excellent service delivery.

We have continued work on the implementation of our new Salesforce Customer Relationship Management (CRM) system. This includes development of a new system to manage our loans. In March 2018 we completed implementation of an end to end automation of our grants processes, enabling us to receive grant applications online and produce electronic offer letters. This automation will improve our customer service delivery. In the year ahead we will continue to develop the CRM, to support further improvements in our customer service and improve our management of data and information.

In preparation for ensuring that we are compliant with new GDPR regulations by 25 May 2018 we have reviewed data held by all departments and agreed action plans for making required changes. We have also reviewed our cyber security processes and started a programme of staff training workshops to raise awareness on both GDPR and cyber security issues.

3.4 Develop new business by listening to our customers, using our experience and collaborating with partners to run pilots and programmes and build on approaches that work.

During the year we implemented a programme of research work to help us identify gaps in the social investment market and how SIB might be able to address these gaps, working with partners in these areas. This included research into the investment requirements of health and social care social enterprises, community-led housing solutions and investment in merger and turnaround support for charities and social enterprises. We plan to share the research and learnings from these pieces of work in the coming year.

We were successful in a tender exercise run by Healthy London Partnership to carry out research into a Health Fund for London. We have also taken on a project management and secretariat support role for a Department for Digital, Culture, Media and Sport (DCMS) Social Investment Taskforce looking into how to grow a culture of social impact investment in the UK. These initiatives represent new areas of work for SIB which we hope to further develop in the coming years.

3.5 Develop as a learning organisation by drawing on emerging lessons from all corporate activity to inform current and future operations and share lessons learned via research reports.

In March 2018 we published our first in-house research report, *Strength in Numbers*, a report looking at the effectiveness of the investment and contract readiness programmes we have run over the last five years. We received a grant of £10,000 from the Access Foundation for Social Investment to support this research.

During the year we ran a Staff Challenge competition where staff were invited to submit ideas for new initiatives drawing upon their knowledge and experience of the organisations we support. We were pleased

Social Investment Business Limited

Directors report for the year ended 31 March 2018

with how staff responded to the Challenge, submitting ten Expressions of Interest. Four proposals were successful:

- New ways of investing in the circular economy
- Testing improved ways of investing via revenue participation
- Research into innovation in the peer to peer lending market
- Explore new approaches to providing tailored support that will encourage small Black, Asian and Minority Ethnic groups to access repayable finance

Work on these four projects will carry on during 18/19 and we will share learning from them as they progress.

3.6 Deliver high quality customer service

A key milestone in the year was the establishment of our Customer Focus Panel. We recruited 10 representatives of social sector organisations to join the panel through an external recruitment exercise. The members of the panel work across sectors such as childcare, services for people with disabilities, advocacy services for older people and resettlement support for refugees. They are drawn from across England - Yorkshire and Humberside, South West, North West, West Midlands, South East and London. The role of the panel is to act as a sounding board for SIB. The panel will help us identify and co-design new initiatives and suggest how we can improve services for customers.

Our annual customer survey was carried out for the year ended 31 March 2017 using the Net Promoter Score methodology as in the previous two years. The survey results showed a modest improvement on the previous year's performance with an NPS score of 19 in comparison to 13 in 2016. We have also started to seek more immediate customer feedback rather than just via our Annual Survey by sending a short to customers at key points in our relationships with customers, e.g. decisions and changes to existing loans and grants.

4 Future Developments

Our new CEO, Nick Temple, is leading the development of our new strategic priorities and objectives. Our strategic priorities for 2018/19 are:

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

We plan to announce two new investment funds during 2018/19 and to build new strategic partnerships to support delivery of these funds. We will seek to involve customers in the design of these new funds. We will also continue to develop as a learning organisation through further research work with a specific focus on our loan activity through a review of 15 years of loan investment activity.

5 Main Strategic Risks

SIB Group maintains a group risk register which identifies the key strategic risks facing the organisation as a whole. This register is a working document and is discussed and reviewed at the Director's Group meetings and by both the Audit and Finance Committee and Joint 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 that have or will be taken in mitigation.

Social Investment Business Limited

Directors report for the year ended 31 March 2018

At the time of the publishing of this report, the risk register listed our ten main areas of concern. These can be grouped roughly into the following areas:

- Data quality, systems and staff.
- Performance of our funds and those that we manage for others.
- Building a reputation for learning and research.
- New business targets.

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. In addition, the internal audit plan is developed and implemented each year based on these risks. Progress against this plan and reports from our internal audit partner, Grant Thornton, are monitored by the Audit and Finance Committee.

FINANCIAL REPORT

6 Going Concern

At the financial year end, SIB Limited had net assets of £921k (2017 net assets of £982k). The Directors consider the cash and reserves position of SIB Limited to be sufficient to support the company for at least twelve months from the date of signing these financial statements taking into account the value and length of the fund management and other contracts in place and for this reason continue to adopt the going concern basis in preparing the annual financial statements.

In addition, the Joint Board discussed a number of financial scenarios over the next eight years for the group. These scenarios set out very clearly the expected operating cashflows and the underlying financial stability of the group and individual organisations within the Group.

7 This year's performance

SIB Limited reported a deficit of £61k.

Income for the year was £2.65m whilst expenditure decreased from the prior year to £2.72m.

The majority of the expenditure is covered by staff costs which account for 58% of total costs.

The cash position of SIB Limited remains strong at £1.25m which is unrestricted cash.

8 Structure, Governance and Management

(a) Background and Legal Structure

The Group is formed as follows:

SIB Foundation – the ultimate parent company, a charity and company limited by guarantee.
SIB Limited is a private company limited by guarantee with SIB Foundation as its sole member.
SIB Limited is the sole member of FBE, a private company limited by guarantee.

SIB Limited has a Board comprising eight Non-Executive Directors.

Social Investment Business Limited

Directors report for the year ended 31 March 2018

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 (from 8 January 2018)
Caroline Forster	Deputy Chief Executive (Interim Chief Executive from 1 April 2017 to 7 January 2018)
Paul Green	Director of Finance and Corporate Resources (resigned 31 July 2017)

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 SIB Foundation.

(b) Statement of Directors Responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit and loss for that period.

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

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

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the 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.

(c) Related parties

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

(d) Disclosure of Information to Auditors

In so far as the directors are aware:

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

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

9 Treasury investment policy

SIB Foundation and the Group as a whole operate with a Treasury Management Policy, based on four key principles of Compliance, Security, Access and Yield, meaning that investments are protected, access is facilitated and returns are optimised.

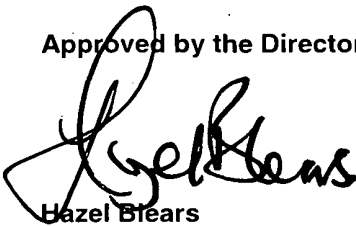
Social Investment Business Limited

Directors report for the year ended 31 March 2018

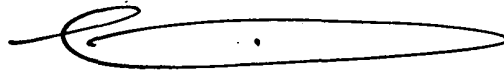
SIB Limited has a number of bank accounts across which funds are deposited to spread risk. Our policy limits a maximum of £10m in any individual bank which must be AA rated in line with our key principle of security for our assets. These limits were last reviewed and agreed at the Audit and Finance Committee on 6 June 2017. Any funds in excess of £10m at any one institution are also reviewed regularly at the Audit and Finance Committee and action agreed.

This Director's report and financial statements have been prepared in accordance with the special provisions of the Companies Act 2006 relating to small companies."

Approved by the Directors of SIB Limited on 11 July 2018 and signed on their behalf.



Hazel Bears
Chair



Jeremy Newman
Director

Social Investment Business Limited

Independent auditor's report

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF SOCIAL INVESTMENT BUSINESS

Opinion

We have audited the financial statements of Social Investment Business ("the Company") for the year ended 31 March 2018 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 2018 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

Social Investment Business Limited

Independent auditor's report (continued)

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 has 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, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Social Investment Business Limited

Independent auditor's report (continued)

Auditor's responsibilities for the audit of the financial statements

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

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

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

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.



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

Date: 12 July 2018

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

Social Investment Business Limited

Income statement For the year ended 31 March 2018

	Note	2018 £'000	2017 £'000
Turnover			
Fund management income	2	2,326	2,484
Other income		328	337
		<u>2,654</u>	<u>2,821</u>
Administration and operating expenses	3	(2,715)	(3,114)
		<u>(61)</u>	<u>(293)</u>
Operating loss			
		<u>(61)</u>	<u>(293)</u>
Loss on ordinary activities before taxation			
Taxation on loss on ordinary activities	5	-	-
		<u>(61)</u>	<u>(293)</u>
Loss for the financial year		<u>(61)</u>	<u>(293)</u>

The notes on pages 15 to 22 form part of these financial statements

Social Investment Business Limited

Balance sheet
at 31 March 2018

Company number 6490609	Note	2018 £'000	2017 £'000
Fixed assets			
Tangible assets	6	29	2
		<hr/>	<hr/>
Current assets			
Debtors	7	435	245
Cash at bank and in hand		1,259	1,508
		<hr/>	<hr/>
		1,694	1,753
Creditors: amounts falling due within one year	8	(474)	(382)
		<hr/>	<hr/>
Net current assets		1,220	1,371
		<hr/>	<hr/>
Total assets less current liabilities		1,249	1,373
		<hr/>	<hr/>
Creditors: amounts falling due after more than one year		(328)	(391)
		<hr/>	<hr/>
Net assets		921	982
		<hr/> <hr/>	<hr/> <hr/>
Profit and loss account	9	921	982
		<hr/>	<hr/>
Total shareholders' funds		921	982
		<hr/> <hr/>	<hr/> <hr/>

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

The financial statements were approved by the Board of Directors and authorised for issue on 11 July 2018.


Hazel Bears
Chair


Jeremy Newman
Director

The notes on pages 15 to 22 form part of these financial statements.

Social Investment Business Limited

Notes forming part of the financial statements for the year ended 31 March 2018

1 Accounting policies

a) Basis of preparation

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

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

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

b) Going concern

The Directors have prepared forecasts of the company's cash and capital positions for the period ending September 2018, eighteen months from the date of these financial statements. Similar forecasts have also been prepared assuming stressed but plausible scenarios. The Directors consider the cash and reserves position of SIB Limited to be sufficient to support the company for at least twelve months from the date of signing these financial statements taking into account the value and length of the fund management and other contracts in place and for this reason continue to adopt the going concern basis in preparing the annual financial statements.

c) Consolidated financial statements

The Company is a wholly owned subsidiary of the Social Investment Business Foundation (SIB Foundation) and is included in the consolidated financial statements of SIB Foundation, which are publically available. Consequently, the Company had taken advantage of the exemption from preparing consolidated financial statements under the terms of section 400 of the Companies Act 2006.

The company has taken advantage of the exemptions under Financial Reporting Standard FRS 102 from preparing a cash flow statement as it is a wholly owned subsidiary and SIB Foundation's consolidated financial statements include the cash flows of the Group.

d) Income

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

Fund income in respect of investment activity, when the Group is Principal, is recognised when a drawdown request is made. Investments offered to investees but not yet requested as a draw down from the Fund Authority at the Balance Sheet date are disclosed as contingent assets.

Fund income in respect of investment activity, when the Company is Agent, is not recognised in the Statement of Financial Activities.

Social Investment Business Limited

Notes forming part of the financial statements for the year ended 31 March 2018 (continued)

1 Accounting policies (continued)

e) Cost of sales

These are the costs incurred by the company in managing the Funds and are recognised in the year in which the activity takes place.

f) Defined contribution pension schemes

The Company operates a defined contribution pension scheme. Contributions to the defined contribution pension scheme are recognised as an expense in the Profit and Loss Account as incurred.

g) Operating leases

Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

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.

Depreciation

Depreciation is provided on a straight-line basis on all tangible fixed assets, at rates that will write off the cost of the assets to their estimated residual values over their useful lives. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

Leasehold fixtures and fittings	-	5 years (20% per annum)
IT and office equipment	-	3-5 years (20%-33% per annum)

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year end.

j) Investments

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

Social Investment Business Limited

Notes forming part of the financial statements for the year ended 31 March 2018 (continued)

1 Accounting policies (continued)

k) Value Added Tax (VAT)

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

The net amount of VAT recoverable from, or payable to, HM Revenue & Customs (HMRC) is included in debtors or creditors in the balance sheet.

Commitments and contingencies are disclosed exclusive of VAT.

2 Turnover

	2018 £'000	2017 £'000
Total fund management income	<u>2,326</u>	<u>2,484</u>

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

3 Administration and operational expenses

	2018 £'000	2017 £'000
Total administration and operational expenses	<u>2,715</u>	<u>3,114</u>

Social Investment Business Limited

Notes forming part of the financial statements for the year ended 31 March 2018 (continued)

4 Staff costs

	2018 £'000	2017 £'000
Wages and salaries	1,352	1,649
Social security costs	131	158
Other pension costs	108	136
	<u>1,591</u>	<u>1,943</u>

Included in the figures above are payments made to key management personnel defined as the Directors of the Company and the senior management team (the Chief Executive, the Deputy Chief Executive and the Director of Corporate Resources). The Director of Corporate Resources was employed until July 2017

Remuneration for the senior management team totalled £235,096 (2017: £208,091), including pension payments of £23,434 (2017: £23,091).

	2018 Number	2017 Number
Operational staff	26	31
Management staff	2	2
	<u>28</u>	<u>33</u>

Board and Investment Committee costs

	Salary 2018 £	2017 £	Pension 2018 £	2017 £	Expenses 2018 £	2017 £
Hazel Blears	12,480	12,480	-	-	1,663	3,268
Anne Tutt	-	11,000	-	399	-	1,177
Edward Lord	1,000	8,000	-	-	-	-
Fred Worth	-	-	-	-	34	48
Jeremy Newman	7,000	8,000	-	-	287	253
Louise Keeling	7,000	5,000	-	-	-	-
Richard Pelly	7,000	5,000	-	-	-	-
Crispin Blunt	-	5,000	-	-	-	-
Anand Shukla	-	5,000	-	-	-	-
Julie Currie	4,000	5,000	-	-	-	-
Jeremy Nicholls	4,000	5,000	-	-	378	1,454
Jim Rice	4,000	5,000	-	-	-	-
Jenny North	4,000	5,000	-	-	-	-
	<u>50,480</u>	<u>79,840</u>	<u>-</u>	<u>399</u>	<u>2,362</u>	<u>6,200</u>

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

Social Investment Business Limited

Notes forming part of the financial statements for the year ended 31 March 2018 (continued)

4 Staff costs (continued)

Pensions

SIB operates a defined contribution pension scheme open to all staff employees (including Directors), administered by AEGON, and pays employer's contributions at three different rates for all staff who were employed before the 1st August 2016: 6.79%, 9.06% and 11.33% depending on the level of employee contribution and two rates for all staff employed on the 1st August 2016 and onwards: 4% and 8% depending on the level of employee contribution.

The assets of the schemes are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable under the scheme by the Company to the Fund. Pension payments recognised as an expense during the year amounted to £158,863. (2017: £200,366).

The pension contributions for the above senior employees staff totalled £44,572 during the period (2017: £55,539). The contributions are made on a salary sacrifice basis. The number of senior employees to whom retirement benefits are accruing under the defined contribution scheme is 6 (2017: 7).

Outstanding pension contributions for the Company at the year end were £10,221 (2017: £NIL).

5 Taxation on profit on ordinary activities

	2017 £'000	2016 £'000
Profit/(loss) on ordinary activities before taxation	(61)	(293)
Tax at 19% thereon	(12)	(59)
<i>Effects of:</i>		
Deferred tax not recognised	12	59
Total tax charge for period	<u>-</u>	<u>-</u>

A potential deferred tax liability of £5,016 exists at the year end (2017: tax liability £313) relating to fixed asset timing differences. This has not been recognised within the accounts.

Social Investment Business Limited

Notes forming part of the financial statements
for the year ended 31 March 2018 (continued)

6 Tangible fixed assets

	Leasehold fixtures & fittings £'000	Office equipment & IT £'000	Total £'000
<i>Cost or valuation</i>			
At 1 April 2017	120	117	237
Disposals	-	31	31
At 31 March 2018	<u>120</u>	<u>148</u>	<u>268</u>
<i>Depreciation</i>			
At 1 April 2017	120	115	235
Provision for year	-	4	4
At 31 March 2018	<u>120</u>	<u>119</u>	<u>239</u>
<i>Net book value</i>			
At 31 March 2018	-	29	29
At 1 April 2017	<u>-</u>	<u>2</u>	<u>2</u>

Social Investment Business Limited

Notes forming part of the financial statements for the year ended 31 March 2018 (continued)

7 Debtors: amounts falling due within one year	2018	2017
	£'000	£'000
Trade debtors	113	98
Amounts owed by parent company	217	-
Other debtors	-	(2)
Prepayments	105	137
Accrued income	-	12
	<u>435</u>	<u>245</u>
	<u><u>435</u></u>	<u><u>245</u></u>
8 Creditors: amounts falling due within one year	2018	2017
	£'000	£'000
Trade creditors	101	82
Amounts owed to parent company	18	-
Taxation and social security	37	51
Other creditors	19	8
Deferred income	31	25
Accruals	268	216
	<u>474</u>	<u>382</u>
	<u><u>474</u></u>	<u><u>382</u></u>
9 Profit and loss account	2018	2017
	£'000	£'000
Operating reserves brought forward	982	1,275
Loss for the period	(61)	(293)
	<u>921</u>	<u>982</u>
	<u><u>921</u></u>	<u><u>982</u></u>

10 Related party disclosures

SIB Limited, being a wholly owned subsidiary of SIB Foundation, for which consolidated financial statements are publicly available, has taken advantage of the exemption set out in FRS 102 'Related Party Disclosures' not to disclose any transactions with SIB Foundation or SIB Limited's wholly owned subsidiary, FBE.

Hugh Rolo is a member of the SIB Foundation Board. SIB paid £81,876 in costs to Locality (2017: £81,700) relating for services relating to delivery of the Big Potential Breakthrough programme. Hugh Rolo is employed as the Director of Development at Locality.

SIB Limited is the trading subsidiary of the SIB Foundation. SIB Foundation is a partner in SASC LLP. During the year SIB Limited recharged SASC for office and facility costs of £NIL (2017: £17,831)

Social Investment Business Limited

Notes forming part of the financial statements
for the year ended 31 March 2018 (continued)

11 Ultimate controlling party

SIB Foundation, a charity and company limited by guarantee and registered in the UK, is the ultimate parent undertaking and controlling party of the Company. As SIB Foundation is the sole member they are the only parent undertaking to consolidate these financial statements. Copies of the consolidated financial statements of SIB Foundation can be obtained from the Company Secretary, SIB Foundation, CAN Mezzanine, London, United Kingdom, SE1 4YR.

12 Guarantors

SIB Foundation (Charity number: 1117185) is the sole member of the company.

Every member of the company undertakes to contribute a sum not exceeding £1 to the assets of the company if it is wound up during his or her membership or within one year afterwards.