

SOCIAL INVESTMENT BUSINESS FOUNDATION

England & Wales · Charity number 1117185

Details

Other names ADVENTURE CAPITAL FUND

Status Registered

Legal form Charitable company

Company number [05777484](#)

Registered 2006-12-08

Register [View on the Charity Commission register](#)

Contact

Address Canopi
Arc House
82 Tanner Street
London
SE1 3GN

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Website www.sibgroup.org.uk

Activities

Objects: THE OBJECTS OF THE CHARITY ARE TO PROMOTE FOR THE PUBLIC BENEFIT ALL PURPOSES AS ARE RECOGNISED AS CHARITABLE UNDER THE LAWS OF ENGLAND AND WALES INCLUDING BUT NOT LIMITED TO: SUPPORTING COMMUNITY ORGANISATIONS IN AREAS OF SOCIAL NEED THAT ARE CHARITIES AND THE CHARITABLE ACTIVITIES OF OTHER COMMUNITY ORGANISATIONS, INCLUDING BY PROVISION OF ADVICE, SUPPORT AND ASSISTANCE; AND/OR THE MAKING AND THE PROMOTION OF SOCIAL INVESTMENTS BY MEANS OF LOANS, GRANTS, GUARANTEES, EQUITY, NEAR EQUITY OR OTHER FINANCIAL INTERVENTIONS OR ASSISTANCE TO CHARITIES OR FOR CHARITABLE PURPOSES, INCLUDING BUT NOT LIMITED TO SUPPORTING COMMUNITY ORGANISATIONS OPERATING IN AREAS OF SOCIAL NEED; AND/OR PROMOTING THE EFFICIENT AND EFFECTIVE APPLICATION OF CHARITABLE RESOURCES BY THOSE CHARITIES AND FOR CHARITABLE PURPOSES BY THE PROVISION OF FINANCIAL ADVICE, SUPPORT AND RELATED ASSISTANCE TO CHARITIES AND FOR CHARITABLE PROJECTS IN RELATION TO SUCH LOANS, GRANTS, GUARANTEES, EQUITY, NEAR EQUITY OR OTHER FINANCIAL INTERVENTIONS AND SOCIAL INVESTMENTS.

Activities: SIB FOUNDATION INVESTS IN COMMUNITY BASED ORGANISATIONS RUNNING ENTERPRISE ACTIVITIES. WE PROVIDE FINANCE SUCH AS LOANS, GRANTS AND EQUITIES AS WELL AS SUPPORT AND ADVICE.

Classification

- **How:** Makes Grants To Organisations, Provides Other Finance, Provides Advocacy/advice/information
- **What:** Economic/community Development/employment, Other Charitable Purposes
- **Who:** Children/young People, Elderly/old People, People With Disabilities, People Of A Particular Ethnic Or Racial Origin, Other Charities Or Voluntary Bodies, Other Defined Groups, The General Public/mankind

Geography

- **Area of benefit:** NOT DEFINED IN PRACTICE NATIONAL
- Throughout England

Finances

Period end	Income	Expenditure	Assets	Employees
2025-03-31	£188,507,000	£191,735,000	£38,106,000	73
2024-03-31	£69,549,000	£69,416,000	£42,358,000	72
2023-03-31	£22,551,000	£29,987,000	£43,104,000	45
2022-03-31	£9,068,000	£10,561,000	£49,022,000	40
2021-03-31	£9,536,000	£17,620,000	£49,609,000	40

Trustees

Name	Role	Appointed
Sonali Siriwardena	Chair	2019-11-13
Christopher James Barnard		2024-03-28
Debjani Ghosh		2024-03-28
Edward Wallis		2021-09-22
Gavin Keyte		2022-09-28
Jagjit Dosanjh-Elton		2021-01-27
Louisa Jane Mitchell		2024-03-28
Magdalene Akosua Foda Bayim- Adomako		2024-03-28
Robert Hewitt		2019-11-13

Accounts



Social Investment Business Foundation

Annual Report and Consolidated Financial Statements

Year Ended 31 March 2025
Charity number 1117185
Company Number 05777484

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**SOCIAL INVESTMENT BUSINESS FOUNDATION
TRUSTEES, OFFICERS AND ADVISERS
FOR THE YEAR ENDED 31 MARCH 2025**

Trustees

Sonali Siriwardena (Chair)
Christopher Barnard
Debjani Ghosh
Edward Wallis
Gavin Keyte
Jagjit Dosanjh-Elton
Louisa Mitchell
Magdalene Bayim-Adomako
Robert Hewitt

Company Secretary and registered office

Nishit Chikhlia

Canopi, Arc House, 82 Tanner Street, London, SE1 3GN

Charity number

1117185

Company number

05777484

Auditor

RSM UK Audit LLP, 25 Farringdon Street, London, EC4A 4AB

Bankers

Barclays Bank, 1 Churchill Place, Leicester, LE87 2BB
Unity Trust Bank, Four Brindley Place, Birmingham, B1 2HB
CCLA Investment Management, Senator House, 85 Queen Victoria St, London, EC4V 4ET
Charity Bank, Fosse House 182 High Street, Tonbridge, TN9 1BE

Lawyers

Weil, Gotshal & Manges (London) LLP, 110 Fetter Lane, London, EC4A 1AY
A&O Shearman, One Bishops Square, London, E1 6AD

**SOCIAL INVESTMENT BUSINESS FOUNDATION
REPORT OF THE BOARD OF TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2025**

The Board of Trustees of Social Investment Business Foundation (SIBF) present their report together with the audited financial statements for the Group for the year ended 31 March 2025, in accordance with the Company's governing documents. These statements have been prepared under the *Guidelines in the Accounting and Reporting by Charities: Statement of Recommended Practice, 2019 (Charities SORP) 2nd Edition*, and with the Companies Act 2006. The Trustees are also Directors of SIBF for the purposes of company law.

1 Objectives and Activities

The objects of the Charity are to promote for the public benefit all purposes as are recognised as charitable under the laws of England and Wales including but not limited to:

- supporting community organisations in areas of social need that are charities and the charitable activities of other community organisations, including provision of advice, support and assistance and/or
- the making and the promotion of social investments by means of loans, grants, guarantees, equity, near equity or other financial interventions or assistance to charities or for charitable purposes, including but not limited to supporting community organisations operating in areas of social need and/or
- promoting the efficient and effective application of charitable resources by those charities and for charitable purposes by the provision of financial advice, support and related assistance to charities and for charitable projects in relation to such loans, grants, guarantees, equity, near equity or other financial interventions and social investments

SIBF is committed to using finance to create a more equal society. We do this through supporting the social economy, making it more resilient, more diverse and more fairly distributed. We do this through the direct provision of grants, loans and support, and also by using our partnerships, data and position to influence policymakers and our peers.

All our activities are underpinned by our commitment to operational excellence in all we do. Our five core values inform how we work:

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

In terms of **group structure**, SIBF continues to manage the Communitybuilders Fund which invested in community-based social enterprises. SIBF is the parent company of The Social Investment Business Limited (TSIB Limited), 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.

SIBF is also the parent company and sole shareholder of Social Investment Business FM Ltd (SIB FM), a company limited by shares established with the sole purpose of making investments to charities and social enterprises during Covid – through the Resilience & Recovery Loan Fund.

SIBF has invested £3.5m in Social Investment Business Loans Ltd (SIB Loans), a wholly owned subsidiary established to manage the Recovery Loan Fund (RLF); SIB Loans is also a company limited by shares, with SIB Foundation as its sole shareholder.

SIBF also invested £3m in Thrive Together (SIB) Ltd (TT), a wholly owned subsidiary established to manage the £3.6m of grant monies from Access and £3.6m of co-investment of SIB Foundation capital as equity in the fund. It offers investments of up to £150k consisting of 75% loan and 25% grant. TT is also a company limited by shares, with SIB Foundation as its sole shareholder.

Finally SIBF has invested £500k in Energy Resilience (SIB) Ltd, another wholly owned subsidiary working in partnership with Big Issue Invest, Charity Bank, Co-operative and Community Finance, Groundwork UK, Key Fund, Resonance, The Architectural Heritage Fund and The Ubele to launch the Energy Resilience Fund worth c.

£15m funded by Better Society Capital and Access to provide a blended funding package of loan and grant to bolster the energy resilience of eligible charities and social enterprises in England.

Collectively this group of companies is referred to as Social Investment Business (SIB).

SIBF continues to be a shareholder and investor in Social and Sustainable Capital LLP (0C378569) (SASC) and its funds; during the year, the SIB investment in the Community Investment Fund (CIF) was largely recovered, and SIBF's remaining share in the LLP is 7.92%.

Strategic Report

2 The Group's specific strategic priorities were renewed in March 2025 as follows:

The Board approved the new five-year strategy in March 2025 which builds on our success to scale our contribution to the sector.

Our Vision: At SIB, we envisage an equal society that operates fairly, in which people can participate freely and fully.

Our Mission: Our role in bringing this vision about is to build a more resilient, diverse and distributed social economy that contributes to a more equal society. We do this by providing finance and support to charities, social enterprises and community businesses.

Over the next five years SIB will:

- **Lead:** SIB has established itself as the go-to national fund manager for the social economy. We want to lead and demonstrate our effectiveness at scale.
- **Grow:** SIB has a healthy balance sheet, a high functioning team and an effective operating culture. We want more, well-designed money and support going to the sector.

By 2030, we want to have reached a total of £1bn disbursed to the social economy since our inception.

Strategic priorities

We will pursue three critical domain areas to maximise our impact:

1. **Green transition** - supporting the social economy to respond to the challenges of the green transition and pursue opportunities to contribute. Charities and social enterprises need help to adapt to the impacts of the climate crisis and to meet the opportunities inherent in the transition to a greener, fairer economy.
2. **Infrastructure** - supporting the social economy to maintain and grow sustainable community assets. We want to help build strong communities by improving community assets, including housing and accommodation. We know that assets can provide the foundations for charities and social enterprises to be more resilient and grow their income and impact.
3. **Services** - Supporting the social economy to take a lead in delivering effective services that address societal challenges, particularly in local areas. We want to help improve the capability of charities and social enterprises to deliver, improve and transform public services. We know that the public sector is a significant source of income for the social economy; and that status quo for public services is not an option.

This work is underpinned by an organisational structure that can flex, adapt and scale to existing and future opportunities; and further underpinned by an ongoing commitment to operational excellence:

- **Customer** accessibility, efficiency and responsiveness to needs
- **Quality** assured operational procedures and processes for capable and reliable delivery

**SOCIAL INVESTMENT BUSINESS FOUNDATION
REPORT OF THE BOARD OF TRUSTEES (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2025**

- **Technology** that is sector-leading and evolves and adapts to the changing landscape
- **Financial** resources being used effectively and efficiently for maximum impact
- **People** are supported, trained, talented, diverse and motivated, living our values

The most significant achievement in this financial year remains the ongoing successful delivery of the Youth Investment Fund (YIF) for the Department of Culture, Media and Sport (DCMS). YIF is a £260m fund to build, extend and renovate youth facilities and services through capital and revenue funding until March 2025. SIB leads a delivery partnership which also includes Key Fund, the National Youth Agency & Resonance.

YIF will provide over 250 new, expanded and renovated youth facilities, including small community youth spaces, dedicated youth centres, and activity centres in some of the less advantaged areas of England. Revenue funding is also available to support organisations as they deliver the capital project, and to support the expansion of positive activities for young people.

The objectives of the YIF are to:

- Increase the number of regular positive activities undertaken by young people by 45,000
- Provide up to 300 new and redeveloped facilities
- Improve the environmental sustainability of the youth sector estate
- Reduce the environmental impact of construction activities across the programme
- Reduce build and ongoing running costs

YIF opened to applications at the start of August 2022, and the first grants were approved at the end of October 2022. Achievements to date include:

- Assessment of more than 1000 applications, totalling well over £1bn.
- Commitment of £259m of capital funding, bringing 257 new and renovated sites to children and young people
- Supporting an estimated additional 50k+ positive activities for young people.
- Commencement and completion of 152 projects on site, with another 99 live on site.
- Capital disbursement of circa £200m by March 2025.
- Establishing a Central Support Offer to support the organisational resilience and development of grantees, and to further support high quality youth service delivery.
- DCMS have confirmed the allocation of budget for YIF in 2025/26, which will enable the completion of construction projects that were projected to overrun into next financial year, alongside some additional flexibility on revenue grant spending and continued non-financial support to grantees.

Outside of the Youth Investment Fund SIB advanced circa £11.5m to 269 organisations with notable achievements including:

- **Recovery Loan Fund:** The Recovery Loan Fund (RLF) is for charities and social enterprises based in England, Wales and Scotland who are working to improve people's lives, or the environment they live in. It does this by offering loans of between £100k and £1.5m. The fund is supported by the Government's Recovery Loan Guarantee Scheme. RLF was launched in April 2021 and by the end of March 2025, 67 loans with a value of £13.8m had been advanced. During the year the fund was renamed and rebranded as Community Builders Fund on 19th March 2025.
- **Flexible Finance:** This included working with our partners The Ubele Initiative and Create Equity, to provide Flexible Finance grants (alongside RLF loans) to Black and Minoritised Ethnicity-led organisations. As at March 25 grant funding of £1.9m had been approved alongside RLF loans to 19 black and minoritised ethnicity-led organisations. At a high level, this programme has been extremely successful:
 - Increased proportion of black and minoritised ethnicity led organisations funded by RLF to 29% vs just 4% for RRLF
 - None of them have previously received repayable investment >£25k
 - Reached the targeted mid-sized organisations with average turnover of c. £600k with material levels of investment provided, averaging at c.£200k (ranges from £30k to £460k)

Following a successful bid for additional grant money, we will be continuing the programme until the end of March 2026:

- **Reach Fund:** The Reach Fund is a grant programme that has been running since 2016 and helps charities and social enterprises raise investment. The Reach Fund has worked with a wide range of investors (>30) who recommend organisations to the fund for investment readiness work that will enable them to access social investment for a wide range of purposes. A total of £2.1m grants were awarded to 173 organisations during the financial year. Applications are increasing due to a number of social investors now referring to the Reach Fund and the number of new funds launched in 2024. There continues to be a strong focus on supporting diverse-led organisations and those in IMD 1-3 or rural areas, which remain the priorities for Reach Fund. The vast majority of social investment sought remains unsecured loans with the next most popular secured loans, however community shares continue to grow in popularity and represented 11% of investments sought compared to 6% the previous year. Access intends for the Reach Fund to continue post March 2026.
- **Portfolio management:** SIB continues to manage a number of legacy loan portfolios, supporting these customers over the long term. Notably, this includes Communitybuilders, Futurebuilders and the Resilience and Recovery Loan Fund. At the financial year end there were a total of 208 loans with a total of £32.2m under management (including funds that are still open to new applications).
- **Cost of Living Fund:** - We deployed £4.4m of funding to 39 organisations meeting the needs of those most impacted by the cost-of-living crisis, with >90% operating in IMD 1-3. This included £500k of grants to 22 organisations who had completed their time on the Enterprise Development programme and c.£1m of grants alongside to a further 17 organisations alongside £2.9m of loans from RLF.
- **Thrive Together Fund:** Launched in July 2023 to provide blended loan/grant investments of up to £150k, in partnership with Architectural Heritage Fund, Groundwork UK, Fredericks Foundation, Homeless Link and Co-operative and Community Finance. By the end of March 2025, we had advanced 63 investments of blended grants and loans with a value of £5.0m which is significantly ahead of deployment expectations.
- **Energy Resilience Fund:** Launched in November 2024 to provide blended loan/grant investments of up to £250k for energy resilience purposes, in partnership with Big Issue Invest, Charity Bank, Co-operative and Community Finance, GMCVO, Groundwork UK, Key Fund, Resonance, The Architectural Heritage Fund and The Ubele Initiative. 9 blended loan/grant investments (totalling £754k) have been approved with 2 disbursed by the end of March 2025. UK VCSE Energy Efficiency Scheme: SIB were delivery partners on Groundwork UK's £25m DCMS funded VCSE Energy Efficiency scheme, undertaking over 100 assessments for the programme and representing SIB on the decision-making panels. The Team gained a huge amount of knowledge and expertise on the energy efficiency needs of VCSE organisations, and this knowledge supported the setup of the Energy Resilience Fund.
- **Sector Partnerships:** Social Investment Business co-ordinates, hosts and is a member of several sector partnerships:
 - **Social Investment Forum (SIF)** – Secretariat for the national forum for social investment finance intermediaries.
 - **Diversity Forum** - Current host and co-ordinator of a collective on a mission to drive inclusive social investment in the UK, ensuring social investors are more representative of, and more accountable to, the communities they seek to serve.

3 Future Developments

In addition to the organisation's existing social investment and grant making track record, the Youth Investment Fund continues to create significant opportunities for SIB to build its profile, its capacity and infrastructure, and its ability to make a bigger difference through its work. It is therefore a central part of the future development to ensure that YIF is a springboard for the 2025-2030 strategy.

One part of catalysing that work is through the £10m Strategic Designated Reserve, which the board approved in early 2022 to be investment for impact in line with the current 2022-2025 strategy. To date, over £5m has been committed to support partners, to build internal capability, and to establish new investment funds:

- Create Equity £333k
- SIB Data & Evaluation £554k
- Enterprising Growth for Communities (Thrive) £3m
- Energy Resilience Fund £500k
- District Heat Networks – Feasibility Work £600k

Each of these has where possible been matched by other external funders and investors, providing leverage and match funding of almost £20m to date. Notable amongst these is the blended Energy Resilience Fund, with £15m of funding secured in the year.

As part of the new strategy 2025-30 the Board have committed to invest a further £5m to the Strategic Designated Reserve so effectively £10m over the next five years.

4 Main Strategic Risks

SIB 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 together with actions that can be or are being taken in mitigation is analysed according to its perceived potential impact, likelihood of occurrence together with actions taken in mitigation.

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

- **Resource Efficiency** - using our charitable resources efficiently in an effective way to control pricing, minimise costs, increase value for money and maintain a healthy Balance Sheet position.
- **People** – maintaining a highly motivated and skilled team, collaborating across an organisation which is operating on a remote basis; this is supported by an updated people strategy, to embed a permanent flexible working model that helps achieve operational excellence
- **IT & business systems infrastructure** – having robust and well-protected operational systems infrastructure as a solid base for the organisation's activities; this is mitigated by having a clear strategic systems plan including a strong focus on cybersecurity, migration to full cloud-based integrated solutions with multi-factor authentication and roll-out of cybersecurity, fraud and anti-money laundering training to all staff.
- **Impact** - having a clear approach to impact and embedding it in our activity - mitigated by framework, senior oversight, internal work with teams and Committees to understand impact within the decision-making process, using common formatted decision matrix, questioning the metrics for all applications as well as adopting a renewed culture of continuous professional development.
- **Reputation** - ensuring our reputation is not affected by either delivery failures or by a negative external publicity; this is mitigated by a range of due diligence assessment protocols, strong project management, media monitoring, and stakeholder management.
- **Customer** - ensuring we properly engage with our customer base and incorporate customer insight into service planning, design and delivery; this is mitigated by response rates, feedback loops (e.g. on application forms), and regular visits from team and Board. Additionally, the board and senior team are continuing to monitor the external environment closely for any specific risks either directly for SIB or the organisations it supports – this currently includes the ongoing cost-of-living crisis, change of government, AI, and the accelerating effects of climate change.

Trustees 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

**SOCIAL INVESTMENT BUSINESS FOUNDATION
REPORT OF THE BOARD OF TRUSTEES (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2025**

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.

5 Going Concern

Whilst the Trustees have reviewed the forecasts for each company in the group, covering a period of 12 months from the date of signing these financial statements, the Group's (parent company SIBF) overall financial position would support any losses of the parent Charity (SIBF) which would then support any losses in its subsidiaries.

Where SIB's own funds are directly invested, SIB has continued to retain a cautious provisioning position to ensure any future risk is mitigated and continues to monitor performance at quarterly investment committee meetings.

The entities within the group, are anticipated to have sufficient cash resources for at least 12 months following the date of signing these financial statements. As a result, the Trustees 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

The Statement of Financial Activities (SOFA) shows that the Group's unrestricted reserves increased by £718k (2024: decreased by £962k). Restricted reserves decreased by £5.0m inclusive of £4.0m recycled funds repaid to DCMS as part of the annual review (2024: increased by £216k, £844k returned to DCMS).

Unrestricted income, including transfers from restricted funds, decreased by £1.5m to £9.6m (2024: £11.1m). Unrestricted expenditure decreased by £1.2m to £9.9m (2024: £11.1m), due to decreased activity in the year. For full detail of this year's performance by the subsidiaries see Note 25 to the Group Accounts.

7 Reserves Policy

The Trustees have ultimate responsibility for ensuring SIBF has an effective Group Reserves Policy. The reserve policy is established to ensure that each company has adequate reserves and/or retained profits to meet the current and future needs of the business, whilst taking into consideration the requirements of the individual subsidiaries and ensuring they comply with the Charities SORP (where applicable), and the Companies Act 2006. The policy is reviewed each year.

The policy is to balance the goal of sustainability with the aim of being efficient as a not-for-profit organisation. Decisions on the appropriate, sustainable levels of reserves will be informed by a combination of short-term working capital requirements, projected levels of operating costs, estimates of contract exit costs and availability of funds for new business development. The reserves are to be held in cash or cash equivalent securities.

SIBF's reserves policy stipulates that the cash and reserves position is to be sufficient to cover a minimum of 6 months operating costs and to enable SIBF to develop new initiatives in support of its charitable objects. With 6 months operating costs estimated at £2.1m excluding any direct cost for the Youth Investment Funds (YIF) which would be recovered directly from Department for Digital, Culture, Media & Sport (DCMS), the Trustees have agreed a minimum reserves balance of £2.0m to £2.5m. At the end of the year, the Group's free unrestricted reserves stood at £23.2m.

8 Treasury Management Policy

SIBF and the Group as a whole, operate a Treasury Management Policy, Centred on reserves security, business needs, ethical investment and financial returns. This criteria means that investments are protected, access is facilitated, funds are used to support social or environmental benefit, and SIB builds relationships in the sector and influences banking attitudes to social enterprise.

**SOCIAL INVESTMENT BUSINESS FOUNDATION
REPORT OF THE BOARD OF TRUSTEES (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2025**

SIBF has several bank accounts across which funds are deposited to spread risk, our policy limits a maximum of £10m in any individual bank which must ideally have a positive view to ethical investment and have a green/amber rating on the Ethical Company Index (scoring over 35%) or should have adopted the Equator Principles and be listed on the current Equator Principles Financial Institutions (EPFIs) in line with our key principle of security for our assets. These limits are regularly reviewed, having been reviewed and agreed by the Audit and Finance Committee in 2024/25.

SIBF seeks wherever possible to invest its money ethically and responsibly, and in line with its wider mission; whilst ensuring operational functionality. This currently includes £10m invested with Cazenove within their Responsible Managed Asset Fund (RMAF) a Sustainable Multi-Asset Fund, from August 2023.

We continue to hold assets on behalf of funds that are not our own. We therefore have significant amounts of money held in cash, because this money can be called upon to be disbursed or returned to its owners at short notice.

9 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 SIBL is a private company limited by guarantee and a subsidiary of SIB Foundation.

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

SIBFM, SIB Loans and Thrive Together are private companies limited by shares, with SIBF as the sole shareholder.

(b) Governance and Decision Making

The governance structures and decision-making processes for all the companies in the Group are laid out in the relevant articles of association. In this financial year all the recommendations were enacted following the previous year's NCVO governance review in line with the Charity Governance Code this included setting up an internal Governance Working Group as well as a Governance Committee.

SIBF is governed by the members of the Board of Trustees. During the year the following Board Subcommittee Structure were in place:

- SIBF Investment Committee (quarterly)
- Group Audit & Finance Committee (quarterly)
- Group People & Governance Committee includes Remuneration (bi-annually)

SIB Limited has a Board comprising seven Non-Executive Directors, who govern SIBL and retain governance rights and a supervisory role over FBE. FBE's Board of Directors is the Executive Senior Management Team of SIBL.

For the Group we also ensure that governance and decision-making processes are in line with and enable us to meet contractual obligations set out in all agreements with external parties.

The Directors delegated the day-to-day management of the Group to the Executive team. The Executive team throughout the year were:

• Nicolas Temple	Chief Executive
• Genevieve Maitland Hudson	Deputy CEO
• Nishit Chikhli	Director of Finance
• Robert Benfield	Director of Investments
• Shelby Jane Bradley	Director of People & Values

**SOCIAL INVESTMENT BUSINESS FOUNDATION
REPORT OF THE BOARD OF TRUSTEES (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2025**

Details of the Trustees who served during the year and to the date of signing the financial statements are shown on page 2 of this report. Seven Trustees were also Directors of SIBL during the year.

To the end of this financial year there have been no changes in the SIB Foundation's governance.

Each member agrees to contribute £1 in the event of the charity winding up. The remaining Founder Member, Locality, has the right to nominate a representative to sit on the Board of Trustees. All trustees are counted as members in their own right including the Locality representative.

The Trustees are committed to ensuring that the Boards have the combination of skills necessary to support the effective provision of finance to charities and community enterprises. We will ensure that our Board of Trustees have skills and expertise in the following areas: banking and investment, community regeneration and social enterprise, business, commercial law financial and risk management.

(c) Public Benefit Statement

The Trustees have considered the Charity Commission's general guidance on public benefit when reviewing our aims and objectives and in planning our future activities. We are mindful of the need to ensure that all funds and activities will deliver public benefit and help us to meet our aims and objectives and are also taking account of Charity Commission guidance around non-charitable organisations.

The Trustees have a duty to include in this Annual Report a statement on the Charity's public benefit and demonstrate that:

- They are clear about what benefits are generated by the activities of the Charity.
- The benefits and beneficiaries are related and appropriate to the Charity's objects and aims.

We have set out under 'Objectives and Activities' above how we deliver public benefit against our charitable objectives.

(d) Fundraising statement

Section 162a of the Charities Act 2011 requires charities to make a statement regarding fundraising activities. Although we do not undertake widespread fundraising from the general public, the legislation defines fund raising as "soliciting or otherwise procuring money or other property for charitable purposes." Such amounts receivable are presented in our accounts as "voluntary income" and includes legacies and grants.

In relation to the above we confirm that all solicitations are managed internally, without involvement of commercial participators or professional fundraisers, or third parties. The day-to-day management of all income generation is delegated to the Executive team accountable to the Trustees.

SIBF is not bound by any undertaking to be bound by any regulatory scheme and the SIBF does not consider it necessary to comply with any voluntary code of practice.

We have received no complaints in relation to fundraising activities. Our terms of employment always require staff to behave reasonably; as we do not approach individuals for funds, we have not specified this to fundraising activities nor do we consider it necessary to design specific procedures to monitor such activities.

(e) Related parties

Related party transactions are referred to in detail in Note 24 to the financial statements.

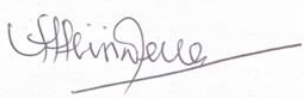
**SOCIAL INVESTMENT BUSINESS FOUNDATION
REPORT OF THE BOARD OF TRUSTEES (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2025**

(f) Disclosure of Information to Auditor

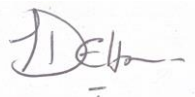
In so far as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware
- the Trustees 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 Trustees report, incorporating the Strategic Report was approved by the Trustees of SIB Foundation on 24 September 2025 and signed on their behalf.



Sonali Siriwardena
Chair



Jagjit Dosanjh-Elton
Trustee

**SOCIAL INVESTMENT BUSINESS FOUNDATION
STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 MARCH 2025**

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees (who are also directors of SIBF for the purposes of company law) 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 Trustees to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Trustees 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 Group and Charity and of the incoming resources and application of resources, including the income and expenditure, of the Group for that period.

In preparing these financial statements, the Trustees 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 Charity will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Charity's transactions and disclose with reasonable accuracy at any time the financial position of the Charity 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 Charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees 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.

Opinion

We have audited the financial statements of Social Investment Business Foundation (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 March 2025 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Company Balance Sheets, the Consolidated Cash Flow Statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 March 2025 and of the group's incoming resources and application of resources, including its income and expenditure, 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 group and parent charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' 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 group's or parent charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Report, which includes the Directors' Report and the Strategic Report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report and Strategic Report included within the Trustees' 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 group and the parent charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report and Strategic Report included within the Trustees' Report.

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

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

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities set out on page 12, the trustees (who are also the directors of the charitable company for the purposes of company law) 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 trustees 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 trustees are responsible for assessing the group's and parent charitable 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 trustees either intend to liquidate the group or parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF SOCIAL INVESTMENT BUSINESS FOUNDATION FOR THE YEAR ENDED 31 MARCH 2025

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

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

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

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, Charities SORP (FRS 102), Companies Act 2006, Charities Act 2011, the parent charitable company's governing document, tax legislation and Charities (Protection and Social Investment) Act 2016. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing the financial statements including the Trustees' Report, remaining alert to new or unusual transactions which may not be in accordance with the governing documents, inspecting correspondence with local tax authorities and evaluating advice received from external advisors.

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

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

Use of our report

This report is made solely to the charitable 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 charitable 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RSM UK Audit LLP

NICHOLAS SLADDEN (Senior Statutory Auditor)
For and on behalf of RSM UK AUDIT LLP, Statutory Auditor
Chartered Accountants
25 Farringdon Street
London
EC4A 4AB

Date: 25 September 2025

SOCIAL INVESTMENT BUSINESS FOUNDATION
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (incorporating income and expenditure account)
FOR THE YEAR ENDED 31 MARCH 2025

	Notes	Unrestricted Funds 2025 £'000	Restricted Funds 2025 £'000	Group 2025 £'000	Group 2024 £'000
Income from:					
Donations	2	508	-	508	468
Charitable activities:					
Investment income	3	958	1,563	2,521	2,205
Fund management income	4	6,402	6,136	12,538	7,671
Grant income	4	1,587	171,202	172,789	58,678
Other income	5	121	30	151	527
Total income		9,576	178,931	188,507	69,549
Expenditure on:					
Charitable activities:					
Fund management costs	6	(9,026)	(6,989)	(16,015)	(10,764)
Fund costs - grants awarded	8	(889)	(170,759)	(171,648)	(57,678)
Repayments to DCMS	8	-	(3,917)	(3,917)	(844)
Total expenditure		(9,915)	(181,665)	(191,580)	(69,286)
Net movement on investments					
Investment provision (increase)/decrease	8	(971)	111	(860)	109
Net loss on investments		(164)	-	(164)	(988)
		(1,135)	111	(1,024)	(879)
Net expenditure		(1,474)	(2,623)	(4,097)	(616)
Transfers between funds	21	2,198	(2,198)	-	-
Net income/(expenditure) before tax	9	724	(4,821)	(4,097)	(616)
Corporation tax charge	11	(6)	(149)	(155)	(130)
Net movement in funds		718	(4,970)	(4,252)	(746)
Reconciliation of funds					
Funds brought forward at 1 April		22,523	19,835	42,358	43,104
Funds carried forward at 31 March		23,241	14,865	38,106	42,358

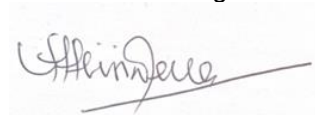
The notes on page 19 to 44 form part of these financial statements.

		Group		Foundation	
	Notes	2025 £'000	2024 £'000	2025 £'000	2024 £'000
Fixed assets					
Intangible fixed assets	12	2	11	-	-
Mixed motive investments - loans to investees	13	26,682	27,078	2,063	2,860
Mixed motive investments – other investments	14	2,618	2,446	2,618	2,446
Investments - loan to subsidiary				580	
Investment in subsidiary	25	-	-	7,000	6,500
Investments	15	10,126	10,443	10,126	10,443
		<u>39,428</u>	<u>39,978</u>	<u>22,387</u>	<u>22,249</u>
Current assets					
Debtors	16	1,931	2,098	1,649	1,899
Short term deposits		2,707	3,888	2,707	3,888
Cash at bank and in hand		10,522	11,566	2,655	2,151
		<u>15,160</u>	<u>17,552</u>	<u>7,011</u>	<u>7,938</u>
Current liabilities					
Creditors: amounts falling due within one year	17	(4,008)	(3,151)	(163)	(280)
		<u>(4,008)</u>	<u>(3,151)</u>	<u>(163)</u>	<u>(280)</u>
Net current assets		<u>11,153</u>	<u>14,401</u>	<u>6,848</u>	<u>7,658</u>
Total assets less current liabilities		<u>50,581</u>	<u>54,379</u>	<u>29,235</u>	<u>29,907</u>
Creditors: amounts falling due after more than one year					
Amounts owed to fund co-investors	19	(12,475)	(12,021)	-	-
Net assets		<u>38,106</u>	<u>42,358</u>	<u>29,235</u>	<u>29,907</u>
Funds					
Unrestricted funds	21	23,241	22,523	23,965	21,978
Restricted funds	21	14,865	19,835	5,270	7,929
Total funds	21	<u>38,106</u>	<u>42,358</u>	<u>29,235</u>	<u>29,907</u>

The notes on pages 19 to 44 form part of these financial statements.

SIBF has taken advantage of the exemption in section 408 of the Companies Act 2006 not to present its own Statement of Financial Activities. The net movement in funds for the year generated by the Foundation was a deficit of £672k (2024: £257k) based on a net expenditure of £672k (2024: £257k).

These financial statements were approved by the Board of Directors and authorised for issue on 24 September 2025 and were signed on its behalf by:



Sonali Siriwardena
Chair



Jagjit Dosanjh-Elton
Trustee

**SOCIAL INVESTMENT BUSINESS FOUNDATION
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2025**

	Notes	2025 £'000	2024 £'000
Operating activities			
Cash used in operating activities	23	(4,943)	(1,183)
Corporation taxes paid		(130)	(244)
Net cash used in operating activities		(5,073)	(1,427)
Cash flows from investing activities			
Investment in mixed motive investment		(30)	(217)
Co-investor drawdown		2,500	4,300
Repayments of borrowings		(2,184)	(4,811)
Investment income		2,521	2,205
Payments for financial investments		(6,282)	(7,231)
Repayments from mixed motive investments		6,323	6,731
Net cash generated by investing activities		2,848	977
Net (decrease) in cash and cash equivalents		(2,225)	(450)
Cash and cash equivalents at the beginning of the year		15,454	15,904
Cash and cash equivalents at the end of the year		13,229	15,454
Analysis of cash and cash equivalents			
		2025 £'000	2024 £'000
Cash at bank and in hand		10,522	11,566
Short term deposits		2,707	3,888
		13,229	15,454

The notes on page 19 to 44 form part of these financial statements.

1 Significant accounting policies

(a) Reporting entity

Social Investment Business Foundation (SIBF) is a private company limited by guarantee (company number 05777484) and a registered charity (charity number 1117185), registered and domiciled in England and Wales. The principal activities of the Group are documented in the Trustees' Report. The registered office address of SIBF and its subsidiaries is Canopi, Arc House, 82 Tanner Street, London, England, SE1 3GN.

The Group consists of the ultimate parent SIBF (the Foundation) and its subsidiaries: The Social Investment Business Limited (TSIB - 100% owned), Futurebuilders England Limited (FBE - 100% owned), Social Investment Business FM Ltd (SIBFM - 100% owned), Thrive Together (SIB) Limited (100% owned), Energy Resilience Limited (100% owned) and Social Investments Business Loans Limited (SIB Loans - 100% owned). All subsidiaries are included in the consolidated financial statements of SIBF. Both SIBL and FBE have traded under the name of the Social Investment Business since 28 July 2009.

The Group is authorised for the Communitybuilders Fund, Futurebuilders Fund, Modernisation Fund, and the Resilience and Recovery Loan Fund, as the fund manager, to act as the principal, therefore all transactions relating to these funds are recorded in the Statement of Financial Activities and the Balance Sheet. The Group acts as principal for the Access Reach and Access Impact Grants.

The Group is authorised by the Social Enterprise Investment Fund (SEIF), as the fund manager, to act as the agent, therefore transactions relating to this fund are not part of the financial statements of the Group. Income received for managing the fund and the cost associated with managing the fund are recorded in the financial statements.

(b) Basis of preparation

These financial statements for the Group are prepared on the going concern basis, under the historical cost convention, and in accordance with the Charities Act 2011, Companies Act 2006, and applicable accounting standards in the United Kingdom. These financial statements have also been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019).

The Foundation constitutes a public benefit entity as defined by FRS 102. The financial statements are prepared in sterling, both the functional and presentational currency of the Group. Financial values are rounded to the nearest £'000.

The Foundation has chosen to take advantage of the exemption from disclosing the following information in its company only accounts, as permitted by the reduced disclosure regime within FRS 102:-

- Section 7 'Statement of Cash Flows' – *Presentation of a Statement of Cash Flows and related notes and disclosures.*

The financial statements of the Foundation are consolidated in the financial statements of SIBF. The consolidated financial statements of SIBF are available from Canopi, Arc House, 82 Tanner Street, London, England, SE1 3GN.

(c) Going concern

The Trustees have reviewed the forecasts for each company in the group, covering a period of 12 months from the date of signing these financial statements with concentration on the overall group position as the parent Charity (SIBF) would underwrite any losses in its subsidiaries.

Where SIB's own funds are directly invested, SIB has continued to retain a cautious provisioning position to ensure any future risk is mitigated and continues to monitor performance at quarterly investment committee meetings.

The entities within the group are anticipated to have sufficient cash resources for at least 12 months following the date of signing these financial statements. As a result, the Trustees have not identified any material uncertainties and therefore consider it appropriate for the accounts to be prepared on a Going Concern.

1 Significant accounting policies (continued)

(d) Basis of consolidation

The financial statements consolidate the results of the Foundation and its subsidiary undertakings on a line-by-line basis. The entities consolidated are those listed in the Note 25. All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. SIBF has taken advantage of the exemption in section 408 of the Companies Act 2006 not to present its own Statement of Financial Activities.

(e) Fund accounting

Restricted funds

Restricted funds are to be used for specific purposes either laid down by the funder or specified in each agreement for the benefit of identified beneficiaries. Expenditure incurred by the Foundation for these purposes is charged to the fund, together with a fair allocation of overheads, support costs and interest income.

Unrestricted funds

Unrestricted funds are available for use against operating costs in delivery of specific funds as stated in the service agreements in place and within the overall price therein, but at the Trustees' discretion in how delivery is achieved within that price. Where contracts might place restrictions on any gains, any cost savings are repayable to the appropriate funder on a basis specified in the contract. Fees payable to the Group for the management of restricted funds are unrestricted and are transferred from restricted to unrestricted funds.

Unrestricted funds include designated funds where the Trustees, at their discretion, have created a fund for a specific purpose. Further details of each fund are disclosed in Note 21.

(f) Investment in subsidiaries

In the separate accounts of the Foundation, interests in subsidiaries and associates are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. Interest in subsidiaries and associates are assessed for impairment at each reporting date. Any impairment losses or reversals of impairment losses are recognised immediately in the Statement of Financial Activities.

(g) Investment in associate – Social and Sustainable Capital LLP (SASC)

SIBF continues to be a shareholder and investor in Social and Sustainable Capital LLP (0C378569) and its funds. During the year, the SIB investment in the Community Investment Fund (CIF) was largely recovered, and SIBF's remaining share in the LLP is 7.92% (before restructure).

Further details of this transaction can be seen in note 14.

1 Significant accounting policies (continued)

(h) Income

All income is included in the Statement of Financial Activities when the Group is legally entitled, receipt is probable and the amount can be measured reliably, and performance related conditions are fulfilled.

Investment income, including associated tax, relating to both unrestricted and restricted funds, is recognised when receivable.

Fund management fee income is recognised when the Group is entitled to the income based on the fund management contract. 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.

In some circumstances, the Group acts as agent with regard to the distribution certain funds, payments received in relation to these funds and subsequent disbursements to the intended recipients are excluded from the Statement of Financial Activities as the Group does not have control over the charitable application of the funds. Funds received but not disbursed at the year end are included in other creditors on the Balance Sheet. Details of these are disclosed within Note 27.

Grant income, where the Group operates as principal, are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance Sheet. Where income is received in advance of meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

Pro bono activities

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

(i) Expenditure

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party and on an accruals basis in the period in which they are incurred. Expenditure includes attributable VAT when this cannot be recovered.

Costs incurred on charitable activities comprise all the expenditure incurred by the Group in undertaking its charitable objectives. Expenditure is allocated between:

- expenditure incurred directly to the fulfilment of the Foundation's objectives
- expenditure on the governance infrastructure which allows the Foundation to operate and to generate the information required for public accountability.

Items of indirect expenditure are apportioned on an appropriate basis as follows:

- Within governance costs, staff time is attributed on an analysis of time spent on the various activities.
- Fund management costs are allocated as incurred and according to time spent.
- Premises and operational costs are allocated pro rata to staff time.

Governance costs are costs incurred in connection with meetings of the Board of Trustees and Committees of the Group, fees paid to the statutory auditor, internal auditor and legal fees where they are not for services provided in relation to fund management activities. The expenditure classed as governance costs has been detailed in Note 7, and these costs have been allocated over fund management costs on the basis of staff time spent on these activities.

1 Significant accounting policies (continued)

(i) Expenditure (continued)

Support costs are functions that assist the work of the Foundation but do not directly undertake charitable activities. Support costs include back office costs, finance and human resources. The basis on which support costs have been allocated are set out in Note 7.

Funds to be returned for recycling are recognised only when their return is formally notified, or requested, by the funder.

Grant expenditure is recognised at the point where the Group has a legal or constructive obligation to make a payment, the grant has been approved and communicated to the recipient. Loan offers communicated are recognised as a financial investment in the Balance Sheet only once a disbursement has been made to the investees.

(j) Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets. The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

(k) Defined contribution pension schemes

The Group operates a defined contribution pension scheme. Contributions to the pension scheme are recognised as an expense in the Statement of Financial Activities as incurred. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

(l) Operating leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight-line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(m) 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 corporation tax payable based on the taxable profit for the current year, plus any adjustments to income tax payable in respect of prior years.

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.

The Group's subsidiaries are liable for corporation tax on their operating profits, to the extent not gift-aided to the holding charity.

(n) Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Website and software licenses	3-5 years (20% - 33% per annum)

1 Significant accounting policies (continued)

(o) Financial investments

Financial investment loans, equivalent to mixed motive investments, are recognised at the point of the disbursement under the conditions set out in the loan. Financial investment loans are subsequently carried at amortised cost, being transaction price less any amounts settled and any impairment losses as assessed.

Trade investments are equity investments over which the Group has no significant influence, joint control or control and are initially measured at transaction price. Transaction price includes transaction costs, except where trade investments are measured at fair value through profit or loss when transaction costs are expensed to profit or loss as incurred.

Trade investments are initially recognised at their transaction value and subsequently measured at their fair value through profit or loss as at the balance sheet date using the closing quoted market price.

(p) Financial instruments

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

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

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

Basic financial assets

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

Derecognition of financial assets and liabilities

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some (but not substantially all) risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

1 Significant accounting policies (continued)

(q) Financial instruments (continued)

Classification of financial liabilities

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

Basic financial liabilities

Basic financial liabilities, which include trade and other creditors and accruals, are initially recognised at transaction price and subsequently measured at amortised cost, being transaction price less any amounts settled. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Concessionary loans

Concessionary loans are initially measured at the amount paid. In subsequent years, the carrying amount of concessionary loans is adjusted to reflect any interest receivable, where relevant.

(q) Provisions

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense and is included in "finance costs".

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

The Group makes specific provisions for impairment against loans when, as a result of frequent monitoring and review by the Investment Committees, it is considered that recovery is doubtful. A calibrated risk approach to the investment books of the Futurebuilders, Modernisation, Communitybuilders, Adventure Capital Funds, Forward Enterprise Fund, Liverpool LIF, Resilience & Recovery Loan and Recovery Loan Funds results in a further general provision being made to the financial investments, after taking account of individual specific provisions. Provisions made during the year, less amounts released, are charged to the Statement of Financial Activities and are netted off against financial investments in the Balance Sheet.

(r) Cash and cash equivalents

All cash held in accounts of less than 90-day notice is treated as cash and, classified as a deposit if notice is required to draw down cash.

(s) Critical accounting judgements and estimates

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Foundation's accounting policies and the reported assets, liabilities, income and expenditure and the disclosures made in the financial statements. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The key areas that are deemed to be material for these financial statements are as follows:

Significant judgement and estimates – provisions on financial investment loans

Significant judgements and estimates have been used in the calculation of both specific and risk calibrated provisions which are deducted from financial investments after the deduction of specific provisions. These provisions are calculated by applying impairments to financial investments after assessing their likelihood of default based on financial and subjective metrics.

In respect of financial investments, the amount of specific provisions is £4.8m (2024: £5.5m), and the risk calibrated provision applied to the financial investments is £0.7m (2024: £0.9m).

1 Significant accounting policies (continued)

(t) Critical accounting judgements and estimates (continued)

Futurebuilders England Limited fund treatment

The contracts dated 1 April 2011 between Cabinet Office and SIBL and between Cabinet Office and FBE to manage the funds advanced by Cabinet Office to FBE expired on 31 March 2013. Those contracts expressly stated that FBE was acting as principal and on this basis, and taking into account the substance of the relationship with Cabinet Office, the assets and liabilities of FBE were fully consolidated in the accounts of the Group at 31 March 2013 and previous years and the monies advanced by Cabinet Office were treated as restricted funds.

This contract was replaced by a new contract between SIBL and Cabinet Office which ran from 1 April 2013 to 31 March 2016. Although there are some differences between the previous contract and the new contract, the governance arrangements, and the substance of the relationship between SIBL and Cabinet Office with regard to the management of these funds, remain largely unchanged, with the contract extended to March 2026.

In particular, Cabinet Office has advised that, in its opinion, FBE continues to act as principal under the contract and the contract specifically states that FBE "will hold the assets and liabilities of the fund on its Balance Sheet" although the new contract does not have an express statement confirming that FBE acts as principal not as agent.

However, the directors agree with the stance taken by Cabinet Office on the basis that FBE has discretion over whom funds are distributed to. In addition, all loan agreements are between FBE and the investee and not with the DCMS. In all these circumstances, the assets and liabilities of FBE continue to be fully consolidated in the Group's accounts at 31 March 2025 and the monies advanced by Cabinet Office continue to be treated as restricted funds. However, under the new contract, the Cabinet Office:

- has the right to terminate the contract at any time by giving at least three months' notice;
- will be given all shares in FBE for no consideration at the end of such notice period, and
- can require FBE to "deal with the Funds in the manner directed by Cabinet Office".

If the above were to occur, there would be a change in the nature of the relationship with Cabinet Office and in the substance of the agreement with SIBL. In such circumstances, the Group would immediately recognise in its accounts:

- a disposal of a subsidiary undertaking for no consideration should Cabinet Office serve notice to terminate the contract; or
- a liability should Cabinet Office make a request for funds to be returned to them.

The Futurebuilders contract with the Cabinet Office was transferred to DCMS during 2016/17.

2 Donations

	Group 2025 £'000	Group 2024 £'000
Pro bono legal services	508	468
	<u>508</u>	<u>468</u>

Pro bono services relate to activities received from professional service providers and are included within donations. Governance costs have been grossed up by an equivalent amount.

In 2025, £Nil of the donation income (2024: £Nil) was attributable to restricted funds with £508k (2024: £468k) being attributable to unrestricted funds.

SOCIAL INVESTMENT BUSINESS FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2025

3 Investment income

	Group 2025 £'000	Group 2024 £'000
By funding:		
Adventure Capital Fund (ACF)	-	1
Futurebuilders Fund	470	521
Forward Enterprise FM Limited	6	7
Liverpool Local Impact Fund (Liverpool LIF)	4	4
Communitybuilders Fund	86	102
Resilience & Recovery Loan Fund	233	376
Recovery Loan Fund	851	583
First Steps Enterprise Fund (FSE)	4	4
Thrive Together Fund	288	29
Other investment income	579	578
	<u>2,521</u>	<u>2,205</u>
By nature:		
Interest on investments	1,942	1,627
Interest on bank deposits	579	578
	<u>2,521</u>	<u>2,205</u>

Investment income relates to loan interest receivable on ACF, Futurebuilders, Forward Enterprise FM, Liverpool LIF, Communitybuilders, Resilience & Recovery Loan, Recovery Loan Fund, First Steps Enterprise Fund, Thrive Together Fund and the investment in Responsible Multi Asset Funds and bank deposit interest.

In 2025, £1,563k of the investment income (2024: £1,509k) was attributable to restricted funds with £958k (2024: £696k) being attributable to unrestricted funds.

4 Fund management income and grant income

	Group 2025 £'000	Group 2024 £'000
Fund management fees	12,538	7,671
Grant income	172,789	58,678
Total fund management and grant income	<u>185,327</u>	<u>66,349</u>

Fund management fees are derived from managing grant and loan funds, of which £6,136k (2024: £124k) is attributable to restricted funds and £6,402k (2024: £7,547k) is attributable to unrestricted funds.

Of the grants under management £171,202k (2024: £56,684k) was attributable to restricted funds whereas £1,587k (2024: £1,994k) was attributable to unrestricted funds.

5 Other income

	Group 2025 £'000	Group 2024 £'000
Other income including Business Support income	151	527
	<u>151</u>	<u>527</u>

Business Support income is for support provided to investees by staff and external consultants under the Communitybuilders Fund and the Social Enterprise Investment Fund and which has been recharged to these funds. In 2025, £121k (2024: £350k) of the other income was attributable to unrestricted funds and £30k (2024: £177k) was attributable to restricted funds.

SOCIAL INVESTMENT BUSINESS FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2025

6 Analysis of direct and support costs

	Group 2025 £'000	Group 2024 £'000
Direct costs		
Staff costs	2,542	2,418
Premises and operational	516	513
Legal and other professional	34	11
Depreciation	6	9
Business consultants - investee support	15	30
Other consultancy	195	263
Other direct costs	5,961	2,851
Direct fund management	1,022	686
Support costs		
Governance	1,344	1,103
Support costs	4,380	2,880
	16,015	10,764

In 2025, £6,989k (2024: £574k) of the fund management costs was attributable to restricted funds and £9,026k (2024: £10,190k) was attributable to unrestricted funds.

7 Allocation of governance and support costs

Governance and support costs comprise the following:

	Group 2025		Group 2024		Basis of appointment
	Governance £'000	Support Costs £'000	Governance £'000	Support Costs £'000	
Staff costs	150	1,201	142	1,143	Staff time
Premises and operational	30	244	30	243	Staff time
Legal and other professional	2	16	1	6	Invoices
Pro bono legal fees	508	3	468	3	Invoices
Board and investment committee costs	115	-	157	-	Invoices
Auditors' remuneration - audit services	69	-	61	-	Governance
Auditor's remuneration - non audit services	62	-	53	-	Governance
Internal audit	6	-	6	-	Governance
Other consultancy	51	99	17	138	Staff time
Other support costs	351	2,817	168	1,347	Staff time
	1,344	4,380	1,103	2,880	

SOCIAL INVESTMENT BUSINESS FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2025

8 Grants paid	Group 2025 £'000	Group 2024 £'000
Grants awarded	171,648	57,678

The Foundation undertakes its charitable activities through grant making and awarding grants to a number of individuals and institutions in furtherance of its charitable activities. £889k (2024: £936k) of grants were made from unrestricted funds and £170,759k (2024: £56,742k) were from restricted funds.

Recipients of grants:	2025		2024	
	No. of grants	£'000	No. of grants	£'000
Arts, Heritage, Sports and Faith	32	620	23	378
Citizenship and Community	39	573	41	793
Conservation of the Natural Environment	10	115	23	427
Employment	20	416	19	242
Family, Friends and Relationships	5	88	7	104
Housing and Local Facilities	26	638	22	549
Income and Financial Inclusion	17	351	15	207
Mental Health and Wellbeing	66	1,021	74	993
Physical Health	20	288	15	287
Training and Education	29	690	53	1,261
Other	2	270	11	182
Youth Investment Funds	226	162,032	244	52,532
Less: Grants awarded last year, disbursed this year		(1,640)		(1,917)
		165,462		56,038
Grants awarded but not disbursed				
Youth Investment Funds		5,594		483
Employment		-		8
Other		592		1,149
		171,648		57,678

	Notes	Group 2025 £'000	Group 2024 £'000
Repayments to DCMS			
Amounts repaid to the DCMS		3,917	844

In 2025, expenditure of £3,917k (2024: £844k) was attributable to restricted funds relating to FBE.

Investment provisions/write offs made in year:

<i>Write offs</i>			
Capital	13	848	2,141
Interest		12	1
		860	2,142
<i>Provisions</i>			
Capital	14	-	(1,125)
Interest		-	74
		-	(1,051)
<i>Other adjustments</i>			
Investment in SASC		-	(1,200)
Net income related to fund costs		860	(109)

In 2025, income of £111k (2024: income of £7k) was attributable to restricted funds with expenditure of £971k (2024: income of £102k) attributable to unrestricted funds.

SOCIAL INVESTMENT BUSINESS FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2025

9 Net expenditure for the year

	Group 2025 £'000	Group 2024 £'000
Net expenditure for the year is stated after charging:		
Amortisation of intangible fixed assets	9	9
Internal audit	<u>6</u>	<u>6</u>
 Fees payable to the group's auditors:	 Group 2025 £'000	 Group 2024 £'000
Audit of financial statements	66	61
Taxation compliance services	26	22
All other non-audit services	<u>36</u>	<u>31</u>

10 Staff costs

	Group 2025 £'000	Group 2024 £'000
Wages and salaries	3,332	3,147
Social security costs	338	343
Other pension costs	222	213
	<u>3,892</u>	<u>3,703</u>

Included in the figures above are payments made to the Group and Foundation key management personnel (including employer pension contributions, and employer national insurance contributions) defined as Directors and the Group Senior Management Team (CEO, Director of Finance, Deputy CEO, Director of Investments and Director of People & Values). Remuneration for the 5 members of the Group Senior Management Team totalled £638,788 (2024: 5 members, £571,904) including pension payments of £38,996 (2024: £37,285) and employer's national insurance of £65,055 (2024: £59,315).

The payments to Directors of SIBF Board are for their services to the Group. Authority for remunerating directors is included within the memorandum and articles of SIBF. The total SIBF directors' remuneration is £13,575 (2024: £12,480) of which the Chair is paid £13,575 (2024: £12,480). The Chair is paid by TSIB £27,149 (2024: £27,310) of which £13,574 (2024: £12,480) is recharged to SIBF.

Payments are also made to the Directors of TSIB, a subsidiary of SIBF. The total TSIB director remuneration costs are £63,800 (2024: £45,714) of which £Nil (2024: £Nil) relates to pension payments. This means that the total Group Trustee and Director costs amounted to £77,375 (2024: £58,194) including pension payments of £Nil (2024: £Nil).

During the year £9.3k compensation was made to employees for loss of office (2024: £Nil).

The monthly average number of employees during the year was as follows:

	Group 2025 No	Group 2024 No
Operational staff	67	67
Management staff	<u>6</u>	<u>5</u>
	<u>73</u>	<u>72</u>

SOCIAL INVESTMENT BUSINESS FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2025

10 Staff costs (continued)	Group 2025 No	Group 2024 No
The number of employees whose employee benefits (excluding employer pension costs and employer national insurance contributions) exceeded £60,000 was:		
£60,000 - £69,999	5	5
£70,000 - £79,999	2	3
£80,000 - £89,999	1	3
£90,000 - £99,999	2	2
£100,000 - £109,999	1	-
£130,000 - £139,999 *	1	1
	17	14

*Includes the Chief Executive

No members of operational staff were employed by the parent company SIBF (2024: None).

Board, Investment Committee and Directors' remuneration

Board, Investment Committee and Directors' remuneration are payments to members of the SIBL and SIBF Board for their services to the Group. Authority for remunerating Directors is included within the memorandum and articles of SIBF.

	Salary		Expenses	
	2025	2024	2025	2024
	£	£	£	£
Rt Hon Hazel Blears	-	27,194	-	-
James Rice	-	4,000	-	-
Jenny North	-	4,000	-	-
Amina Ahmad	5,008	4,000	-	-
Jagjit Dosanjh-Elton	8,007	7,000	-	-
Anne-Marie Vine-Lott	7,110	-	-	-
Gavin Keyte	10,023	7,000	145	-
Hugh Rolo	-	5,000	-	-
Sonali Siriwardena	27,149	-	-	-
Christopher Barnard	5,000	-	1,718	-
Debjani Ghosh	5,039	-	-	-
Louisa Mitchell	5,000	-	-	-
Magdalene Bayim-Adodmako	5,039	-	-	-
	77,375	58,194	1,863	-

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

10 Staff costs (continued)

Pensions

No pension contributions were paid to Board and Investment committee members during this year or the prior year.

SIBF 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 1 August 2016: 6.79%, 9.06% and 11.33% depending on the level of employee contribution and two rates for all staff employed on 1 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 Group in independently administered funds. The pension cost charge represents contributions payable under the schemes by the Group to the funds.

Included within other creditors, outstanding pension contributions for the Group at the year-end were £Nil (2024: £30,260).

Other Board, Investment Committee and Directors' costs

A total of £1,863 was paid in other Board, Investment Committee and Director costs in the year ended 31 March 2025 (2024: £Nil).

11 Corporation tax (charge)/credit

SIBF, as a registered charity, is exempt from corporation tax under the Corporation Tax Act 2010 (chapters 2 and 3 of part II, section 466 onwards) or Section 256 of the Taxation for Chargeable Gains Act 1992, to the extent surpluses are applied to its charitable purposes.

FBE is not subject to corporation tax on fund income on drawn down requests in respect of investments to Civil Society Organisations. Corporation tax is chargeable to the restricted fund where it relates to loan interest received. Corporation tax relating to interest accrued is borne by FBE and is included as a charge against the unrestricted management fee.

Any tax-adjusted surplus arising in FBE and SIBL on the payment they receive to cover operational and management costs will be taxable. The tax charge arising on the payment received to cover operational and management costs differs from the surplus/deficit on that payment as follows:

	2025 £'000	2024 £'000
Net expenditure		
Net expenditure before taxation	(4,097)	(746)
Tax at 25% thereon	(1,024)	(187)
Effects of:		
Expenses not deductible for tax purposes	1,167	331
Adjustments in respect of prior years	(7)	-
Deferred tax not recognized	12	(14)
Utilisation of tax losses	7	-
Actual current tax credit/(charge)	155	130

A potential deferred tax asset of £219,904 exists at the year-end (2024: £3,916) relating to fixed asset timing differences and tax losses. This has not been recognised within the financial statements, due to the uncertainty of recognition.

SOCIAL INVESTMENT BUSINESS FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2025

12 Intangible fixed assets

	Website & software licenses £'000
Group	
Cost	
At 1 April 2024	27
At 31 March 2025	27
Amortisation	
At 1 April 2024	16
Amortisation charged for the year	9
At 31 March 2025	25
Net book value	
At 31 March 2025	2
At 1 April 2024	11

The Foundation had no intangible fixed assets at 31 March 2025 or 31 March 2024.

13 Financial investments

Financial investments are in the form of loans and guarantees and are mixed motive investments. This year the Group have made specific provisions against 1 loan (2024: 1) which may be non-performing. The Trustees believe that the carrying value of the investments is supported by their underlying assets.

	Group		Foundation	
	2025 £'000	2024 £'000	2025 £'000	2024 £'000
Balance at 1 April	27,078	26,771	2,860	3,628
New loans disbursed	6,283	7,231	-	133
Repayments received	(6,323)	(6,731)	(541)	(569)
Loan balance at 31 March before write off and provisions	27,038	27,271	2,319	3,192
Loans written off	(847)	(2,141)	(724)	(314)
Movement in provisions	491	1,948	468	(18)
	(356)	(193)	(256)	(332)
Balance at 31 March	26,682	27,078	2,063	2,860

	Group		Foundation	
	2025 £'000	2024 £'000	2025 £'000	2024 £'000
Maturity of loans and advances:				
Within 1 year	6,220	322	287	29
Over 1 year to 5 years	18,726	13,792	714	671
Over 5 years	1,736	12,964	1,062	2,160
	26,682	27,078	2,063	2,860

13 Financial investments (continued)

	Group		Foundation	
	2025	2024	2025	2024
	£'000	£'000	£'000	£'000
Provisions brought forward 1 April	6,033	7,983	1,783	1,765
(Decrease)/Increase in provisions	575	(3,861)	-	(295)
Provisions written back/(off)	(1,066)	1,911	(468)	313
Provisions carried forward 31 March	<u>5,542</u>	<u>6,033</u>	<u>1,315</u>	<u>1,783</u>

SIBF

The Foundation shows a decrease in provision in the year of £468k (2024: increase of £18k).

Futurebuilders England Limited

During the year, no specific provision was made (2024: £Nil). Specific provisions were released across 3 loans totalling £556k (2024: £1.8m, 3 loans). In addition, the risk calibrated provision was decreased by £43k (2024: decreased by £188k).

SIB FM Limited

During the year, specific provisions decreased by £1k on 7 loans (2024: decreased by £55k, 4 loans). In addition, the risk calibrated provision was increased by £30k (2024: increased by £130k).

SIB Loans Limited

During the year, an additional specific provision of £287k was made on 8 loans (2024: £128k, 1 loan). In addition, the risk calibrated provision was increased by £30k (2024: increased by £107k).

Thrive Together (SIB) Limited

During the year specific provisions were made of £267k on 3 loans (2024: £Nil). A risk calibrated provision of £21k was made (2024: £17k).

Energy Resilience (SIB) Limited

During the year no specific or risk calibrated provisions were raised.

SOCIAL INVESTMENT BUSINESS FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2025

14 Financial investments – movements in other mixed motive investments

Group and Foundation

	2025	2024
	£'000	£'000
<i>CIF</i>		
Opening investment	585	550
Investment in CIF	97	35
Revaluation	17	-
Closing investment	<u>699</u>	<u>585</u>
Opening provision	-	(76)
Provision recovered/(increase)	-	76
Closing provision	<u>-</u>	<u>-</u>
Balance at 31 March	<u><u>699</u></u>	<u><u>585</u></u>
<i>SASH</i>		
Opening investment	1,861	1,631
Investment in SASH	<u>58</u>	<u>230</u>
Balance at 31 March	<u><u>1,919</u></u>	<u><u>1,861</u></u>
<i>TSIF</i>		
Opening investment	-	1,500
Disposal	-	(1,125)
Revaluation	-	(375)
Closing investment	<u>-</u>	<u>-</u>
Opening provision	-	(1,125)
Provision recovered	-	1,125
Closing provision	<u>-</u>	<u>-</u>
Balance at 31 March	<u><u>-</u></u>	<u><u>-</u></u>
Total balance at 31 March	<u><u>2,618</u></u>	<u><u>2,446</u></u>

SASC investment

During 2013, SIBF acquired a 29% share of SASC – entitling the Group to a 51% share of all future profit distributions. The investment in this associate has been accounted for using the equity method – with the initial investment recognised at cost which is considered to be the fair value of the consideration paid by the Group. The carrying amount of the investment is increased or decreased to recognise the Group's share of the profit or loss of SASC - and this profit or loss is reflected in the Group's results for the period.

In 2022, SIBF's exit of SASC's CIF reduced its share of SASC down to 10.56% this financial year. The share % of SASC is below the associate threshold and therefore SASC investments and provisions have been reclassified from investment in associate to other mixed motive investments.

As at 31 March 2025, SIBF has an investment in the Community Investment Fund of £699k and Social and Sustainable Housing Fund of £1,919k. The total investment into SASC is £2,618m.

SOCIAL INVESTMENT BUSINESS FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2025

15 Financial investments - responsible multi asset fund

Group and Foundation	2025 £'000	2024 £'000
Listed investments		
Market value brought forward	10,443	9,914
Management fees	(12)	(12)
Net (loss)/gain on revaluation	(305)	541
Market value as at year-end	<u>10,126</u>	<u>10,443</u>
Investments at fair value comprised:		
Equities	7,353	7,325
Bonds and Alternatives	2,435	2,616
Cash held within the investment portfolio	338	502
Market value as at year-end	<u>10,126</u>	<u>10,443</u>

All investments are carried at their fair value. The investments are in the responsible multi asset fund managed by Cazenove. The basis of fair value for quoted investments is equivalent to the market value, using the bid price. Asset sales and purchases are recognised at the date of trade at cost (that is their transactional value).

16 Debtors: amounts falling due within one year

	Group		Foundation	
	2025 £'000	2024 £'000	2025 £'000	2024 £'000
Trade debtors	1,680	1,635	-	-
Investee interest receivable	17	73	17	17
Prepayments and accrued income	234	390	-	16
Amounts owed by subsidiaries	-	-	1,632	1,866
	<u>1,931</u>	<u>2,098</u>	<u>1,649</u>	<u>1,899</u>

Including in Foundation amounts owed by subsidiaries is the intercompany loan issued to Thrive Together of £580k (2024: Nil)

17 Creditors: amounts falling due within one year

	Group		Foundation	
	2025 £'000	2024 £'000	2025 £'000	2024 £'000
Trade creditors	1,095	404	-	-
Other taxation and social security	120	232	-	-
Corporation tax	288	130	-	-
Other creditors	657	1,038	135	133
Accruals	435	348	-	147
Amount due to subsidiaries	-	-	28	-
Deferred income (note 18)	1,413	999	-	-
	<u>4,008</u>	<u>3,151</u>	<u>163</u>	<u>280</u>

SOCIAL INVESTMENT BUSINESS FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2025

18 Deferred income

	Group		Foundation	
	2025	2024	2025	2024
	£'000	£'000	£'000	£'000
As at 1 April 2024	999	238	-	-
Income deferred during the year	835	873	-	-
Amounts released from previous year	(421)	(112)	-	-
As at 31 March 2025	<u>1,413</u>	<u>999</u>	<u>-</u>	<u>-</u>

Deferred income relates to the arrangement fees received in advance of the loan on disbursement of the loan (SIBFM) and grant funds received for the future default cost of loans issued (Thrive and Energy).

19 Creditors: amounts falling due after more than one year

	Group		Foundation	
	2025	2024	2025	2024
	£'000	£'000	£'000	£'000
Amounts owed to co-investors:				
Owed to BSC, co-investor in SIBFM	2,975	5,021	-	-
Owed to co-investors in SIB Loans	9,500	7,000	-	-
	<u>12,475</u>	<u>12,021</u>	<u>-</u>	<u>-</u>

Loan owed to Better Capital Society (BSC), co-investor in SIBFM

Repayments are made to BSC Loan Funds twice yearly following the end of the availability period from SIB FM cash balances, after TSIB management fees have been deducted. Accordingly, none of the BSC Loan Funds are expected to be payable within one year and fall due between two and five years.

No security is given over these loans and no interest is charged on the balance.

Loan owed to co-investors in SIB Loans

Co-investor funds in SIB Loans are payable in 9 years, with an availability period of 5 years. An additional drawdown has been made in the year in relation to the Recovery Loan Fund (RLF) programme.

Security on this loan is over the shares of SIB Loans and there is a fixed and floating charge debenture over all assets. 3% interest is charged on this loan.

20 Financial instruments

Group and Foundation

The Group and Foundation has the following financial assets held at fair value through profit or loss:

	2025	2024
	£'000	£'000
Equity investments held at fair value through profit or loss (Note 15)	<u>10,126</u>	<u>10,443</u>

SOCIAL INVESTMENT BUSINESS FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2025

21 Funds

<i>In the year</i>	Balance 1 April 2024 £'000	Income £'000	Expenditure and provisions £'000	Transfers £'000	Balance 31 March 2025 £'000
Group					
Futurebuilders Fund	11,625	471	(3,767)	(263)	8,066
Resilience & Recovery Fund	-	234	(180)	(54)	-
Energy Resilience Fund	-	514	(406)	393	501
Communitybuilders Fund (Recovery Loan Fund)	3,544	951	(739)	(243)	3,513
Other investment funds	4,770	6,071	(5,921)	(2,031)	2,889
Grant funds	(104)	170,690	(170,690)	-	(104)
Restricted funds carried forward	19,835	178,931	(181,706)	(2,198)	14,865
Designated funds	6,521	1,929	(2,264)	-	6,186
Unrestricted funds	16,002	7,647	(8,792)	2,198	17,055
Total funds carried forward	42,358	188,507	(192,759)	-	38,106
 <i>Previous year</i>	 Balance 1 April 2023 £'000	 Income £'000	 Expenditure and provisions £'000	 Transfers £'000	 Balance 31 March 2024 £'000
Group					
Futurebuilders Fund	11,978	542	(585)	(310)	11,625
Resilience & Recovery Fund	-	376	(277)	(99)	-
Communitybuilders Fund (Recovery Loan Fund)	3,013	707	(469)	293	3,544
Other investment funds	4,675	185	(81)	(9)	4,770
Grant funds	(47)	56,684	(56,741)	-	(104)
Restricted funds carried forward	19,619	58,494	(58,153)	(125)	19,835
Designated funds	9,720	2,068	(5,267)	-	6,521
Unrestricted funds	13,765	8,987	(6,875)	125	16,002
Total funds carried forward	43,104	69,549	(70,295)	-	42,358

The Board approved back in January 2022 to create a £10m Strategic Designated Reserve to be invested for impact in line with the strategy by March 2026. As at the year end, the Board have approved £4.98m worth of proposals including:

- Create Equity £333k (FY22-24)
- Data Evaluation £554k (over 3 years)
- Thrive Together Fund £3m
- District Heat Network £600k
- Energy Resilience Fund £500k

The designated reserve spend for this year is £860k (2024: £3,315k)

The Futurebuilders Fund provides loan financing, often combined with grants and professional support, to civil society organisations in England that need investment to help them bid for, win and deliver public service contracts. This fund is closed for new applications.

The Resilience & Recovery Fund was initiated to support VCSE's faced with financial difficulties due to the Covid-19 disruption and restrictions.

The Recovery Loan Fund represents the carrying value of the net assets of SIB Loans, a wholly owned subsidiary of SIBF, which was set up to manage this fund.

SOCIAL INVESTMENT BUSINESS FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2025

21 Funds (continued)

Transfers

	Group 2025 £'000	Group 2024 £'000
Transfers to unrestricted funds:		
- YIF CSO & YIF MMC	1,364	-
Transfers to restricted funds:		
- Energy Resilience Fund	(500)	-
- Community Builders Fund (Recovery Loan Fund)	-	(500)
Transfers to management fees:		
- Communitybuilders Fund, Reach, PTC	167	9
- Community Builders Fund (Recovery Loan Fund)	243	207
- Futurebuilders Fund	263	310
- Energy Resilience Fund	107	-
- Resilience & Recovery Loan Fund	54	99
	<u>1,698</u>	<u>125</u>

Transfer to unrestricted funds (current year)

The transfers from restricted YIF Grant funds to YIF Central Support Offer (CSO) and YIF Modern Methods of Constructions (MMC) funds, represents the direct spend for the programmes paid by TSIB.

Transfer to management fee

Communitybuilders Fund, Reach and PTC represents a transfer of funds as payment of fund management fees.

Community Builders Fund (Recovery Loan Fund) represents a transfer from the restricted SIB Loans funds to TSIB as payment for fund management fees and loan arrangement fees. The prior year transfer of £500k to the Community Builders Fund (Recovery Loan Fund) relates to further investment in SIB Loans by Social Investment Business Foundation.

Futurebuilders Fund represents the payment of the management fee from DCMS to TSIB from returns to the fund.

Energy Resilience Fund represents a transfer of restricted funds from Energy Resilience (SIB) Ltd, as payment for management set up fees and arrangement fees. During 2024.25 £500k was invested from SIBF to Energy Resilience (SIB) Ltd.

Resilience & Recovery Loan Fund represents a transfer from the restricted SIBFM funds to SIBL as payment for fund management fees.

All of these are shown as transfers between restricted and unrestricted funds on the face of the Statement of Financial Activities.

SOCIAL INVESTMENT BUSINESS FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2025

21 Funds (continued)

<i>In the year</i>	Balance 1 April 2024 £'000	Income £'000	Expenditure and provisions £'000	Transfers £'000	Balance 31 March 2025 £'000
Foundation					
Recovery Loan Fund	3,500	-	-	-	3,500
Energy Resilience Fund	-	-	-	500	500
Other investment funds	4,429	37	(27)	(3,169)	1,270
Restricted funds carried forward	7,929	37	(27)	(2,669)	5,270
Designated funds	9,720	-	(360)	(500)	8,860
Unrestricted funds	12,258	508	(830)	3,169	15,105
Total funds carried forward	29,907	545	(1,217)	-	29,235
 <i>Previous year</i>	 Balance 1 April 2023 £'000	 Income £'000	 Expenditure and provisions £'000	 Transfers £'000	 Balance 31 March 2024 £'000
Foundation					
Recovery Loan Fund	3,000	-	-	500	3,500
Other investment funds	4,416	188	(175)	-	4,429
Restricted funds carried forward	7,416	188	(175)	500	7,929
Designated funds	9,720	-	-	-	9,720
Unrestricted funds	13,028	780	(1,050)	(500)	12,258
Total funds carried forward	30,164	968	(1,225)	-	29,907

22 Analysis of net assets between funds

40

SOCIAL INVESTMENT BUSINESS FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2025

23 Statement of Cash Flows notes:

Reconciliation of net expenditure to net cash used in operating activities:

	Group 2025 £'000	Group 2024 £'000
Net expenditure after taxation	(4,252)	(746)
Taxation	-	130
Net (loss)/gain on investments	(148)	613
Investments income and bank interest received	(2,521)	(2,205)
Amortisation of intangible fixed assets	9	9
Decrease in investment provisions/write offs	492	883
Decrease in associate investment provision	-	(750)
Decrease in debtors	166	301
Increase in creditors	1,311	582
Net cash used in operating activities	<u>(4,943)</u>	<u>(1,183)</u>

Analysis of changes in net funds:

	1 April 2024 £'000	Cashflow £'000	31 March 2025 £'000
Cash at bank and in hand			
Cash	11,566	(1,044)	10,522
Short term deposits	3,888	(1,181)	2,707
Debt due > 1 year			
Amounts owed to fund co-investors	<u>(12,021)</u>	<u>(454)</u>	<u>(12,475)</u>
Total net funds	<u>3,433</u>	<u>(2,679)</u>	<u>754</u>

24 Related party transactions

SIBF is a partner in SASC which includes: The Third Sector Loan Fund LLP, the Community Investment Fund LP and Social and Sustainable Housing LP.

SIBF paid TSIB £100k (2024: £118k) for management of the Communitybuilders Fund, and £444k (2024: £436k) towards operational and premises costs. SIBF paid SIBL £159k (2024: £147k) for grant programme delivery fees during the year. SIBF received £Nil (2024: £nil) in interest and £Nil (2024: £15k) in capital regarding an intercompany loan between SIBF and SIBL.

During the year, SIBF issued an intercompany loan to Thrive Together of £650k. During the year, SIBF received repayments of £70k against the loan issued.

At the balance sheet date, the following amounts were outstanding with related parties:

Related Party	Relationship	Transaction type	2025 £	2024 £
TSIB	Wholly-owned subsidiary	Intercompany Balance	1,632,495	1,865,582
Thrive	Wholly-owned subsidiary	Intercompany Loan	580,000	-

TSIB is a trading subsidiary of the SIBF.

SOCIAL INVESTMENT BUSINESS FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2025

25 Investment in subsidiaries

Details of the Foundation's subsidiaries at 31 March 2025 are as follows:

Name	Status	Members	% owned	Registered No
The Social Investment Business Limited (TSIB)	Company limited by guarantee	SIBF	100	06490609
Futurebuilders England Limited (FBE)	Company limited by guarantee	SIBL	100	05066676
Social Investment Business FM Limited (SIBFM)	Company limited by shares	SIBF	100	12543106
Social Investment Business Loans Limited (SIB Loans)	Company limited by shares	SIBF	100	13259359
Thrive Together (SIB) Limited	Company limited by shares	SIBF	100	14809311
Energy Resilience (SIB) Limited (Energy)	Company limited by shares	SIBF	100	15362154

Foundation

	2025 £'000	2024 £'000
<i>Investments in subsidiaries</i>		
Opening investment	6,500	3,000
New investment in year	500	3,500
Balance at 31 March	7,000	6,500

All are registered in England and Wales.

All have their registered address at: Canopi, Arc House, 82 Tanner Street, London, England, SE1 3GN.

On 19 December 2023, Energy Resilience (SIB) Limited (company number: 15362154) was incorporated as a wholly owned subsidiary of SIBF.

SOCIAL INVESTMENT BUSINESS FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 202

25 Investment in subsidiaries (continued)

The financial results of the subsidiaries are summarised below:

Profit and Loss Account	TSIB		FBE		SIBFM		SIB Loans		Thrive Together (SIB) Limited		Energy Resilience Limited	
	2025 £'000	2024 £'000	2025 £'000	2024 £'000	2025 £'000	2024 £'000	2025 £'000	2024 £'000	2025 £'000	2024 £'000	2025 £'000	2024 £'000
Income	185,177	66,562	470	542	234	376	951	707	1,929	2,068	514	-
Expenditure	(185,230)	(66,510)	(3,764)	(896)	(234)	(376)	(978)	(676)	(1,904)	(2,068)	(512)	-
Net income/(deficit) before tax	(53)	52	(3,294)	(354)	-	-	(27)	31	25	-	2	-
Corporation tax charge	-	-	(155)	(121)	-	-	7	(8)	6	110	-	-
Net income/(deficit) for the year after tax	(53)	52	(3,449)	(475)	-	-	(20)	23	19	110	2	-

Balance Sheet	TSIB		FBE		SIBFM		SIB Loans		Thrive Together (SIB) Limited		Energy Resilience Limited	
	2025 £'000	2024 £'000	2025 £'000	2024 £'000	2025 £'000	2024 £'000	2025 £'000	2024 £'000	2025 £'000	2024 £'000	2025 £'000	2024 £'000
Fixed assets	2	11	7,989	9,046	2,283	3,770	9,869	9,157	4,374	2,247	105	-
Current assets												
Debtors	1,941	2,148	30	34	7	22	94	64	28	-	3	-
Cash at bank and in hand	8,246	2,283	276	2,640	687	1,232	3,060	1,369	610	1,889	583	-
	10,187	4,431	306	2,674	694	1,254	3,154	1,433	638	1,889	586	-
Current liabilities												
Creditors	(9,453)	(3,653)	(239)	(215)	(2)	(3)	(10)	(57)	(535)	(311)	(55)	-
Net current assets	734	778	67	2,459	692	1,251	3,144	1,376	103	1,578	531	-
Creditors due after more than 1yr	-	-	-	-	(2,975)	(5,021)	(9,500)	(7,000)	(1,458)	(825)	(134)	-
Net assets	736	789	8,056	11,505	-	-	3,513	3,533	3,019	3,000	502	-

SOCIAL INVESTMENT BUSINESS FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2025

26 Guarantors

Locality (formerly The Development Trusts Association) Registered Charity number: 1036460 is the remaining founding member of SIBF. The Directors appointed by the Board are the non-founder Directors. The founder and non-founder Directors are the members of the Foundation. Every member undertakes to contribute a sum not exceeding £1 to the assets of Foundation if it is wound up during his or her membership or within one year afterwards.

27 Amounts disbursed as agent - Group

TSIB manages and disburses the restricted funds as principal, with the income and expenditure included in the Group Statement of Financial Activities; and as agent, with the grants, related disbursements, assets and liabilities are excluded from the Group's financial statements. The activities as agent are shown below and in other creditors.

Social Enterprise Investment Fund (SEIF)	2025 £'000	2024 £'000
Balance at 1 April	603	463
Returns to Funder (DoH)	(671)	-
Repayments from Investees	69	140
Balance held at 31 March	1	603
Power to Change (PTC) grant programmes	2025 £'000	2024 £'000
Balance at 1 April	4	294
Funds received from PTC	242	57
Funds disbursed to grantees	(246)	(347)
Balance held at 31 March	-	4

SOCIAL INVESTMENT BUSINESS FOUNDATION

England & Wales - Charity number 1117185

Accounts

A photograph of a woman with dark curly hair and a young boy with light hair, both smiling and engaged in conversation. The background is slightly blurred, showing what appears to be a festive or celebratory setting with colorful streamers.

Social
Investment
Business
Foundation

Annual Report and Consolidated Financial Statements

Year Ended 31 March 2024

Charity number 1117185

Company Number 05777484

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**SOCIAL INVESTMENT BUSINESS FOUNDATION
TRUSTEES, OFFICERS AND ADVISERS
FOR THE YEAR ENDED 31 MARCH 2024**

Trustees

Rt Hon Hazel Blears (Chair) (Resigned 28 March 2024)
Sonali Siriwardena (Chair) (Appointed Chair from 28 March 2024) Christopher Barnard (Appointed on 28 March 2024)
Debjani Ghosh (Appointed on 28 March 2024)
Edward Wallis
Gavin Keyte
Jagjit Dosanjh-Elton
James Rice (Resigned 28 March 2024)
Jenny North (Resigned 28 March 2024)
Louisa Mitchell (Appointed 28 March 2024)
Magdalene Bayim-Adomako (Appointed on 28 March 2024) Robert Hewitt

Company Secretary and registered office

Nishit Chikhliia

Canopi, 7-14 Great Dover Street, London SE1 4YR

Charity number

1117185

Company number

05777484

Auditor

RSM UK Audit LLP, 25 Farringdon Street, London, EC4A 4AB

Bankers

Barclays Bank, 1 Churchill Place, Leicester LE87

2BB Unity Trust Bank, Nine Brindley Place,

Birmingham B1 2HB

CCLA Investment Management, Senator House, 85 Queen Victoria St, London EC4V

4ET Charity Bank, Fosse House 182 High Street, Tonbridge TN9 1BE

Lawyers

Weil, Gotshal & Manges (London) LLP, 110 Fetter Lane, London EC4A 1AY United Kingdom

The Board of Trustees of Social Investment Business Foundation (SIBF) present their report together with the audited financial statements for the Group for the year ended 31 March 2024, in accordance with the Company's governing documents. These statements have been prepared under *the Accounting and Reporting by Charities: Statement of Recommended Practice, 2019 (Charities SORP) 2nd Edition*, and with the Companies Act 2006. The Trustees are also Directors of SIBF for the purposes of company law.

1 Objectives and Activities

The objects of the Charity are to promote for the public benefit all purposes as are recognised as charitable under the laws of England and Wales including but not limited to:

- supporting community organisations in areas of social need that are charities and the charitable activities of other community organisations, including provision of advice, support and assistance and/or
- the making and the promotion of social investments by means of loans, grants, guarantees, equity, near equity or other financial interventions or assistance to charities or for charitable purposes, including but not limited to supporting community organisations operating in areas of social need and/or
- promoting the efficient and effective application of charitable resources by those charities and for charitable purposes by the provision of financial advice, support and related assistance to charities and for charitable projects in relation to such loans, grants, guarantees, equity, near equity or other financial interventions and social investments

SIBF is committed to using finance to create a more equal society. We do this through supporting the social economy, making it more resilient, more diverse and more fairly distributed. We do this through the direct provision of grants, loans and support, and also by using our partnerships, data and position to influence policymakers and our peers.

All our activities are underpinned by our commitment to operational excellence in all we do. Our five core values inform how we work:

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

In terms of **group structure**, SIBF continues to manage the Communitybuilders Fund which invested in community-based social enterprises. SIBF is the parent company of Social Investment Business Limited (SIB Limited), 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.

SIBF is also the parent company and sole shareholder of Social Investment Business FM Ltd (SIB FM), a company limited by shares established with the sole purpose of making investments to charities and social enterprises during Covid – through the Resilience & Recovery Loan Fund.

SIBF has invested £3.5m in Social Investment Business Loans Ltd (SIB Loans), a wholly owned subsidiary established to manage the Recovery Loan Fund (RLF); SIB Loans is also a company limited by shares, with SIB Foundation as its sole shareholder.

SIBF also invested £3m in Thrive Together (SIB) Ltd (TT), a new wholly owned subsidiary established to manage the £3.6m of grant monies from Access and £3.6m of co-investment of SIB Foundation capital as equity in the fund. It offers investments of up to

**SOCIAL INVESTMENT BUSINESS FOUNDATION
REPORT OF THE BOARD OF TRUSTEES (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2024**

£150k consisting of 75% loan and 25% grant. TT is also a company limited by shares, with SIB Foundation as its sole shareholder.

Collectively this group of companies is referred to as Social Investment Business (SIB).

SIBF continues to be a shareholder and investor in Social and Sustainable Capital LLP (0C378569) (SASC) and its funds; during the year, the SIB investment in the Community Investment Fund (CIF) was largely recovered, and SIBF's remaining share in the LLP is 10.56% (before restructure).

2 The Group's specific strategic priorities were renewed in June 2022 as follows:

The Board approved the renewal of the strategy in June 2022 which includes a focus on tackling inequality as the golden thread through all of SIB's work.

Our vision is of an equal society that operates fairly, in which people can participate freely and fully, and our mission remains to build a more resilient, diverse and distributed social economy that contributes to a more equal society.

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

Four key strategic outcome areas working towards achieving our mission are:

- **Reach** – we focus on funding a more widely distributed social economy with more diverse leadership.
- **Resilience** – we focus on the social economy's financial resilience and also its adaptation to Net Zero.
- **Credibility** – we focus on publishing open data and working with partners to promote a credible social economy, through evidence and collaboration
- **Influence** – we focus on expanding appropriate funding from public, private and philanthropic sources of capital for charities and social enterprises

This work is underpinned by a commitment to operational excellence:

- **Customer** accessibility, efficiency and responsiveness to needs
- **Quality** assured operational systems and processes that are sector-leading
- **Financial** resources being used effectively and efficiently for maximum impact
- **People** are trained, talented, diverse and motivated, living our values

The most significant achievement in this financial year remains ongoing successful delivery of Phase 2 of the Youth Investment Fund (YIF) for the Department of Culture, Media and Sport (DCMS). YIF is almost a £300m fund to build, extend and renovate youth facilities and services through capital and revenue funding until March 2025. SIB leads a delivery partnership which also includes Key Fund, the National Youth Agency & Resonance.

The objectives of the YIF are to:

- Increase the number of regular positive activities undertaken by young people in the targeted areas by 45,000 per year, by 2026/27.
- Provide up to 300 new and redeveloped facilities delivering positive activities to young people, funded through self-reliant funding models.
- Improve the environmental sustainability of the youth sector estate in target areas through energy efficiencies and/or low carbon heating.
- Reduce the environmental impact of construction activities across the programme, by funding facilities with the lowest reasonable carbon footprint across their lifetime.
- Reduce build and ongoing running costs, by supporting new or redeveloped youth facilities that demonstrate 20% reduced annual running costs by 2025/26, compared to ageing youth facilities.

YIF opened to applications at the start of August 2022, and the first grants were approved at the end of October 2022. Achievements to date include:

- Assessment of more than 1000 applications, totalling well over £1bn.
- Commitment of £259m of capital funding, bringing 259 new and renovated sites to children and young people
- Supporting an estimated additional 50k+ positive activities for young people.
- Commencement of 142 projects on site, with another 70+ set to start on site in the next financial year.
- Disbursement of just under £45m by March 2024.
- Establishing a Central Support Offer to support the organisational resilience and development of grantees, and to further support high quality youth service delivery

Outside of the Youth Investment Fund SIB advanced c.£12m to over 400 organisations with notable achievements including:

- **Recovery Loan Fund (with Flexible Finance):** The Recovery Loan Fund (RLF) is for charities and social enterprises based in England, Wales and Scotland who are working to improve people's lives, or the environment they live in. It does this by offering loans of between £100,000 and £1.5m. The fund is supported by the Government's Recovery Loan Guarantee Scheme. A total of £4m loans was disbursed to 23 organisations. This included working with our partners The Ubele Initiative and Create Equity, to provide Flexible Finance grants (alongside loans) to Black and Minoritised Ethnicity-led organisations. Grants were also provided alongside loans to organisations supporting people hardest hit by the cost-of-living crisis. Fundraising has progressed with a successful second fundraise, closing the funding round in December with an additional £6.5m of external loan commitments from both new and existing investors.
- **Flexible Finance:** We have now committed c. £1.6m of the £1.95m available grant capital (alongside £1.7m of loan capital) and plan to undertake a review with partners and funders of the programme, explore additional funding, as well as consider learning from this into the SIB 2025 to 2028 strategic planning. At a high level, this programme has been extremely successful:
 - Increased proportion of black and minoritised ethnicity led organisations funded by RLF to 31% vs just 4% for RRLF
 - None of them have previously received repayable investment >£25k
 - Reached the targeted mid-sized organisations with average turnover of c. £600k with material levels of investment provided, averaging at £217k per organisation across 15 organisations (ranges from £30k to £460k)
- **Enterprise Development Programme:** The Enterprise Development Programme (EDP) is a grant and learning support programme for organisations that are looking to become more enterprising and generate more income from trading. The programme is delivered in partnership with Youth, Homelessness, Mental Health, Equality, Environment and Black, Asian, and Minoritised Ethnic sector partners. A total of £8.2m grants were awarded to 325 organisations in total. The programme closed in April 2024, and an evaluation will report in 2024/25 on learnings and outcomes, including progression of organisations on to social investment.
- **Reach Fund:** The Reach Fund is a grant programme that helps charities and social enterprises raise investment. The Reach Fund has worked with a wide range of investors (>30) who recommend organisations to the fund. A total of £1.4m grants were awarded to 121 organisations. Applications are increasing due to a number of social investors recently launching new funds. There continues to be a strong focus on supporting diverse-led organisations and those in IMD 1- 3 or rural areas, which are the priorities for Reach Fund. The vast majority of social investment sought remains unsecured loans with the next most popular secured loans. Access intends for the Reach Fund to continue post September 2024.

- **Portfolio management:** SIB continues to manage a number of legacy loan portfolios, supporting these customers over the long term. Notably, this includes Communitybuilders, Futurebuilders, Social Enterprise Investment Fund, and the Resilience and Recovery Loan Fund. At the financial year end there were a total of 171 loans with a total of £34.2m under management (including funds that are still open to new applications).
- **Resilient Communities Fund:** Working with Power to Change, the purpose of the grants was to provide support to help organisations navigate the cost of living and energy crisis, build their resilience, and strengthen local communities in the shift to a fairer, greener future. A total of £1.35m was provided to 137 community businesses.
- **Cost of Living Funds:** This was an invite only fund targeted at organisations who have completed their time on the Enterprise Development programme, aimed at supporting enterprise activities that meet the needs of those most impacted by the cost-of-living crisis. There is also grant funding being provided alongside loans from the Recovery Loan Fund to organisations supporting people that have been impacted the most by the Cost of Living crisis
- **Thrive Together Fund.** Since its launch in July 2023 in partnership with Architectural Heritage Fund, Groundwork UK, Fredericks Foundation, Homeless Link and Co-operative and Community Finance, we have deployed c.£3.0m of blended loan/grants to 26 organisations, which is significantly ahead of expectations, and we are already undertaking a review of the fund to look at how we can further improve its effectiveness and impact in the future
- **Groundwork UK VCSE Energy Efficiency Scheme** – Work has started with Groundwork UK on the £25m DCMS funded VCSE Energy Efficiency scheme where they are the lead partner. Assessor training has been completed and we have started doing retrofit grant assessments. This will provide valuable insight and learning ahead of SIB launching the blended Energy Resilience Fund next financial year.
- **Sector Partnerships:** Social Investment Business co-ordinates, hosts and is a member of several sector partnerships:
 - o **Social Investment Forum (SIF)** – Secretariat for the national forum for social investment finance intermediaries.
 - o **Equality Impact Investing Project (EIIP)** - Founding partner and current host of a ground-breaking initiative that exists to ensure that social impact investing is more fully harnessed to advance Sustainable Development Goal 10 – reducing inequality – in the UK and beyond.
 - o **Diversity Forum** - Current host and co-ordinator of a collective on a mission to drive inclusive social investment in the UK, ensuring social investors are more representative of, and more accountable to, the communities they seek to serve.

3 Future Developments

In addition to the organisation's existing social investment and grant making track record, the Youth Investment Fund continues to create significant opportunities for SIB to build its profile, its capacity and infrastructure, and its ability to make a bigger difference through its work. It is therefore a central part of the future development to ensure that YIF is a springboard for the 2025-2028 strategy.

One part of catalysing that work is through the £10m Strategic Designated Reserve, which the board approved in early 2022 to be investment for impact in line with the current 2022-2025 strategy. To date, £5m has been committed to support partners, to build internal capability, and to establish new investment funds:

**SOCIAL INVESTMENT BUSINESS FOUNDATION
REPORT OF THE BOARD OF TRUSTEES (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2024**

- Create Equity £333k
- SIB Data & Evaluation £554k
- Enterprising Growth for Communities (Thrive) £3m
- Energy Resilience Fund £500k
- Heat Networks – Feasibility Work £600k

Each of these has where possible been matched by other external funders and investors, providing leverage and match of almost £20m to date. Notable amongst these is the blended Energy Resilience Fund, with £15m of funding secured for a launch in Autumn 2024.

4 Main Strategic Risks

SIB maintains a risk register which identifies the 6 key strategic risks facing the organisation. This register is a live working document and is discussed and reviewed monthly 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 together with actions that can be or are being taken in mitigation is analysed according to its perceived potential impact, likelihood of occurrence together with actions taken in mitigation. The risk register contains six of the following main areas of concern, as follows, with associated mitigations:

- **Resource efficiency** - Using our charitable resources efficiently in an effective way in relation to control pricing, minimise costs, increase profitability and maintain a healthy Balance Sheet position. Balance sheet net assets is also one of our KPI's and has remained consistently healthy.
- **People** - Having a highly motivated and skilled team of people collaborating across a remotely based organisation – supported by an updated people strategy, and revised internal communications and collaboration to embed a permanent flexible working model that helps achieve operational excellence. This is monitored and managed through our annual employee engagement survey, exit interviews, retention rates and through continuous line management conversations. YIF has meant quite rapid growth in the team, so this has been even more crucial in the past year.
- **IT & business systems infrastructure** - Having a clear strategic systems plan including migration to full cloud-based integrated solutions with multi-factor authentication and roll-out of cyber- security, fraud and anti-money laundering training to all staff. A focus on cybersecurity continues, with external advice being sought – shortly after this financial year, SIB was issued a new Cyber Essentials certificate. This risk is further mitigated by ownership at senior level plus we get regular Cyber Risk Assessment reports from our insurers.
- **Impact** - Having a clear approach to impact and embedding it in our activity – This is mitigated by a framework, senior oversight, internal work with teams and Committees to understand impact within the decision-making process, using common formatting, questions and metrics for all applications as well as adopting a renewed culture of continuous professional development.
- **Reputation (YIF)** - Ensuring delivery on contracts and managing partners expectations. Mitigating any potential negative publicity either directly or by association which may have an impact on our reputation. Given the scale and breadth of the YIF Fund, this is monitored and managed closely by the senior team and board; this includes working closely with DCMS colleagues, with PwC as internal auditor and with Ipsos, the external evaluator, as well as our direct delivery partners. We are in the third and final year of delivery.
- **Customer** - Ensuring we properly engage with our customer base and incorporate customer insight into service planning, design and delivery limits. Enhancing our ability to meet customer needs, to innovate and improve, and to be an inclusive social investor. To ensure this risk is mitigated, SIB monitors response rates to customer cases, complaints and direct feedback – as well as undertaking regular customer visits across all teams and the Board.

Additionally, the Board and senior team do pro-actively monitor the external environment closely for any specific risks either directly for SIB or the organisations it supports.

**SOCIAL INVESTMENT BUSINESS FOUNDATION
REPORT OF THE BOARD OF TRUSTEES (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2024**

Trustees 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.

5 Going Concern

The Trustees have reviewed the forecasts for each company in the group, covering a period of 12 months from the date of signing these financial statements. The Trustees have also considered the overall group position and consider it reasonable that the parent Charity (SIBF) would underwrite any losses in its trading subsidiary, The Social Investment Business Limited and would consider provision of financial support, if required, for the foreseeable future to its subsidiaries based on this forecast period.

Where SIB's own funds are directly invested, SIB has continued to retain a cautious provisioning position to ensure any future risk is mitigated and continues to monitor performance at quarterly investment committee meetings.

The entities within the group, are anticipated to have sufficient cash resources for at least 12 months following the date of signing these financial statements. As a result, the Trustees have not identified any material uncertainties and therefore consider it appropriate for the accounts to be prepared on a going concern basis.

Strategic Report

6 This year's performance

The Statement of Financial Activities (SOFA) shows that the Group's unrestricted reserves decreased by £962k (2023: increased by £2.7m). Restricted reserves increased by £216k inclusive of £844k recycled funds repaid to DCMS as part of the annual review (2023: decreased by £8.6m, £7m returned to DCMS).

Unrestricted income, including transfers from restricted funds, increased by £5.8m to £11.1m (2023: £5.3m). Unrestricted expenditure increased by £4.8m to £11.1m (2023: £6.3m), due to increased activity in the year. For full detail of this year's performance by the subsidiaries see Note 26 to the Group Accounts.

7 Reserves Policy

The Trustees have ultimate responsibility for ensuring SIBF has an effective Group Reserves Policy. The reserve policy is established to ensure that each company has adequate reserves and/or retained profits to meet the current and future needs of the business, whilst taking into consideration the requirements of the individual subsidiaries and ensuring they comply with the Charities SORP (where applicable) and the Companies Act 2006. The policy is reviewed each year.

The policy is to balance the goal of sustainability with the aim of being efficient as a not-for-profit organisation. Decisions on the appropriate, sustainable levels of reserves will be informed by a combination of short-term working capital requirements, projected levels of operating costs, estimates of contract exit costs and availability of funds for new business development. The reserves are to be held in cash or cash equivalent securities.

SIBF's reserves policy stipulates that the cash and reserves position is to be sufficient to cover a minimum of 6 months operating costs and to enable SIBF to develop new initiatives in support of its charitable objects. With 6 months operating costs estimated at £2.1m excluding any direct cost for the Youth Investment Funds (YIF) which would be recovered directly from Department for Digital, Culture, Media & Sport (DCMS), the Trustees have agreed a minimum reserves level of £2.0m to £2.5m. At the end of the year, the Group's free unrestricted reserves stood at £22.5m.

8 Treasury Management Policy

SIBF and the Group as a whole, operate a Treasury Management Policy, based on four key criteria of Security, Business Needs, Ethical and Returns. Applying these criteria means that investments are protected, access is facilitated, funds are used to support

**SOCIAL INVESTMENT BUSINESS FOUNDATION
REPORT OF THE BOARD OF TRUSTEES (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2024**

social or environmental benefit, and SIB builds relationships in the sector and influences banking attitudes to social enterprise.

SIBF has several bank accounts across which funds are deposited to spread risk, our policy limits a maximum of £10m in any individual bank which must ideally have a positive view to ethical investment and have a green/amber rating on the Ethical Company Index (scoring over 35%) or should have adopted the Equator Principles and be listed on the current Equator Principles Financial Institutions (EPFIs) in line with our key principle of security for our assets. These limits are regularly reviewed, having been reviewed and agreed by the Audit and Finance Committee in 2023/24.

SIBF seeks wherever possible to invest its money ethically and responsibly, and in line with its wider mission; whilst ensuring operational functionality. This currently includes £10m invested with Cazenove on their Responsible Managed Asset Fund (RMAF) being a charity Sustainable Multi-Asset Fund, from August 2023.

We continue to hold assets on behalf of funds that are not our own. We therefore have significant amounts of money held in cash, because this money can be called upon to be disbursed or returned to its owners at short notice.

9 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 SIBL is a private company limited by guarantee and a subsidiary of SIB Foundation.

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

SIBFM, SIB Loans and Thrive Together are private companies limited by shares, with SIBF as the sole shareholder.

(b) Governance and Decision Making

The governance structures and decision-making processes for all the companies in the Group are laid out in the relevant articles of association. In this financial year all the recommendations were enacted following the previous year's NCVO governance review in line with the Charity Governance Code this included setting up an internal Governance Working Group as well as a Governance Committee.

SIBF is governed by the members of the Board of Trustees. During the year the following Board Subcommittee Structure were in place:

- SIBF Investment Committee (quarterly)
- Group Audit & Finance Committee (quarterly)
- Group People & Governance Committee includes Remuneration (bi-annually)

SIB Limited has a Board comprising seven Non-Executive Directors, these govern SIBL and retain governance rights and a supervisory role over FBE. FBE's Board of Directors is the Executive Senior Management Team of SIBL.

For the Group we also ensure that governance and decision-making processes are in line with and enable us to meet contractual obligations set out in all agreements with external parties.

The Directors delegated the day-to-day management of the Group to the Executive team. The Executive team throughout the year were:

➤ Nicolas Temple	Chief Executive
➤ Genevieve Maitland Hudson	Deputy CEO
➤ Nishit Chikhli	Director of Finance
➤ Robert Benfield	Director of Investments
➤ Shelby Jane Bradley	Director of People & Values

**SOCIAL INVESTMENT BUSINESS FOUNDATION
REPORT OF THE BOARD OF TRUSTEES (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2024**

Details of the Trustees who served during the year and to the date of signing the financial statements

are shown on page 2 of this report. Seven Trustees were also Directors of SIBL during the year. To the end of this financial year also marked some significant changes in the SIB Foundation's governance, as Hazel Blears stepped down as Chair after two full terms, along with colleagues Jenny North and James Rice. Their substantial contribution to the success of SIB in recent years is fully acknowledged and recognised.

SIB also welcomed Sonali Siriwardena as its new Chair (stepping up from Vice Chair), along with new board appointments in Christopher Barnard, Magdalene Bayim-Adomako, Debjani Ghosh and Louisa Mitchell - all of whom bring a diverse range of expertise, experience and insight to further strengthen the organisation's governance in the years ahead.

Each member agrees to contribute £1 in the event of the charity winding up. The remaining Founder Member, Locality, has the right to nominate a representative to sit on the Board of Trustees.

The Trustees are committed to ensuring that the Boards have the combination of skills necessary to support the effective provision of finance to charities and community enterprises. We will ensure that our Board of Trustees includes skills and expertise in the following areas: banking and investment, community regeneration and social enterprise, business, commercial law and financial and risk management.

(c) Public Benefit Statement

The Trustees have considered the Charity Commission's general guidance on public benefit when reviewing our aims and objectives and in planning our future activities. We are mindful of the need to ensure that all funds and activities will deliver public benefit and help us to meet our aims and objectives and are also taking account of Charity Commission guidance around non-charitable organisations.

The Trustees have a duty to include in this Annual Report a statement on the Charity's public benefit and demonstrate that:

- They are clear about what benefits are generated by the activities of the Charity.
- The benefits and beneficiaries are related and appropriate to the Charity's objects and aims.

We have set out under 'Objectives and Activities' above how we deliver public benefit against our charitable objectives.

(d) Fundraising statement

Section 162a of the Charities Act 2011 requires charities to make a statement regarding fundraising activities. Although we do not undertake widespread fundraising from the general public, the legislation defines fund raising as "soliciting or otherwise procuring money or other property for charitable purposes." Such amounts receivable are presented in our accounts as "voluntary income" and includes legacies and grants.

In relation to the above we confirm that all solicitations are managed internally, without involvement of commercial participators or professional fundraisers, or third parties. The day-to-day management of all income generation is delegated to the Executive team accountable to the Trustees.

SIBF is not bound by any undertaking to be bound by any regulatory scheme and the SIBF does not consider it necessary to comply with any voluntary code of practice.

We have received no complaints in relation to fundraising activities. Our terms of employment always require staff to behave reasonably; as we do not approach individuals for funds, we have not specified this to fundraising activities nor do we consider it necessary to design specific procedures to monitor such activities.

(e) Related parties

Related party transactions are referred to in detail in Note 25 to the financial statements.

(f) Disclosure of Information to Auditor

In so far as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware
- the Trustees 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 Trustees report, incorporating the Strategic Report was approved by the Trustees of SIB Foundation on 2nd October 2024 and signed on their behalf.



Sonali Siriwardena

Chair

Date: 2nd October 2024



Jagjit Dosanjh-Elton

Trustee

Date: 2nd October 2024

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees (who are also directors of SIBF for the purposes of company law) 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 Trustees to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Trustees 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 Group and Charity and of the incoming resources and application of resources, including the income and expenditure, of the Group for that period.

In preparing these financial statements, the Trustees 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 Charity will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Charity's transactions and disclose with reasonable accuracy at any time the financial position of the Charity 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 Charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees 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.

Opinion

We have audited the financial statements of Social Investment Business Foundation (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 March 2024 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Company Balance Sheets, the Consolidated Cash Flow Statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 March 2024 and of the group's incoming resources and application of resources, including its income and expenditure, 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 group and parent charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' 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 group's or parent charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Report, which includes the Directors' Report and the Strategic Report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report and Strategic Report included within the Trustees' 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 group and the parent charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report and Strategic Report included within the Trustees' Report.

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

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

Responsibilities of trustees

As explained more fully in the Statement of Trustees' responsibilities set out on page 12, the trustees (who are also the directors of the charitable company for the purposes of company law) 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 trustees 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 trustees are responsible for assessing the group's and parent charitable 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 trustees either intend to liquidate the group or parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

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

In relation to fraud, the objectives of our audit are to identify and assess the risk of material

**INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF SOCIAL INVESTMENT BUSINESS FOUNDATION
FOR THE YEAR ENDED 31 MARCH 2024**

misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

**INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF SOCIAL INVESTMENT BUSINESS FOUNDATION
FOR THE YEAR ENDED 31 MARCH 2024**

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

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

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

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, Charities SORP (FRS 102), Companies Act 2006, Charities Act 2011, the parent charitable company's governing document, tax legislation and Charities (Protection and Social Investment) Act 2016. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing the financial statements including the Trustees' Report, remaining alert to new or unusual transactions which may not be in accordance with the governing documents, inspecting correspondence with local tax authorities and evaluating advice received from external advisors.

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

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

Use of our report

This report is made solely to the charitable 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 charitable 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

NICHOLAS SLADDEN (Senior Statutory Auditor)
For and on behalf of RSM UK AUDIT LLP, Statutory Auditor
Chartered Accountants
25 Farringdon Street
London
EC4A 4AB

Date:.....

SOCIAL INVESTMENT BUSINESS FOUNDATION
**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (incorporating income and expenditure
FOR THE YEAR ENDED 31 MARCH 2024)**

	Notes	Unrestricted Funds 2024 £'000		Group 2024 £'000	Group 2023 £'000
Income from:					
Donations	2	468	-	468	181
Charitable activities:					
Investment income	3	696	1,509	2,205	1,604
Fund management income	4	7,547	124	7,671	4,803
Grant income	4	1,994	56,684	58,678	15,565
Other income	5	350	177	527	398
Total income		<u>11,055</u>	<u>58,494</u>	<u>69,549</u>	<u>22,551</u>
Expenditure on:					
Charitable activities:					
Fund management costs	6	(10,190)	(574)	(10,764)	(7,131)
Fund costs - grants awarded	8	(936)	(56,742)	(57,678)	(15,612)
Repayments to DCMS	8	-			
			<u>(844)</u>	<u>(844)</u>	<u>(7,000)</u>
Total expenditure		<u>(11,126)</u>	<u>(58,160)</u>	<u>(69,286)</u>	<u>(29,743)</u>
Net movement on investments					
Investment provision decrease	8	102	7	109	1,417
Net (loss)/gain on investments		<u>(988)</u>	<u>-</u>	<u>(988)</u>	<u>101</u>
		<u>(886)</u>	<u>7</u>	<u>(879)</u>	<u>1,518</u>
Net income/(expenditure)		<u>(957)</u>	<u>341</u>	<u>(616)</u>	<u>(5,674)</u>
Transfers between funds	22	<u>125</u>	<u>(125)</u>	<u>-</u>	<u>-</u>
Net income/(expenditure) before tax	9	<u>(832)</u>	<u>216</u>	<u>(616)</u>	<u>(5,674)</u>
Corporation tax charge	11	<u>(130)</u>	<u>-</u>	<u>(130)</u>	<u>(244)</u>
Net movement in funds		<u>(962)</u>	<u>216</u>	<u>(746)</u>	<u>(5,918)</u>
Reconciliation of funds					
Funds brought forward at 1 April		<u>23,485</u>	<u>19,619</u>	<u>43,104</u>	<u>49,022</u>

The notes on page 19 to 44 form part of these financial statements.

		Group		Foundation	
	Notes	2024	2023	2024	2023
		£'000	£'000	£'000	£'000
Fixed assets					
Intangible fixed assets	12	11	20	-	-
Tangible fixed assets	13	-	-	-	-
Mixed motive investments - loans to investees	14	27,078	26,771	2,860	3,628
Mixed motive investments - other investments	15	2,446	2,556	2,446	2,556
Investments - loan to subsidiary		-	-	-	16
Investment in subsidiary	28	-	-	6,500	3,000
Investments	16	10,443	9,914	10,443	9,914
		<u>39,978</u>	<u>39,261</u>	<u>22,249</u>	<u>19,114</u>
Current assets					
Debtors	17	2,098	2,399	1,899	1,237
Short term deposits		3,888	7,243	3,888	7,243
Cash at bank and in hand		11,566	8,661	2,151	2,705
		<u>17,552</u>	<u>18,303</u>	<u>7,938</u>	<u>11,185</u>
Current liabilities					
Creditors: amounts falling due within one year	18	(3,151)	(3,007)	(280)	(135)
		<u>(3,151)</u>	<u>(3,007)</u>	<u>(280)</u>	<u>(135)</u>
Net current assets		<u>14,401</u>	<u>15,296</u>	<u>7,658</u>	<u>11,050</u>
Total assets less current liabilities		<u>54,379</u>	<u>54,557</u>	<u>29,907</u>	<u>30,164</u>
Creditors: amounts falling due after more than one year					
Amounts owed to fund co-investors	20	(12,021)	(11,453)	-	-
Net assets		<u>42,358</u>	<u>43,104</u>	<u>29,907</u>	<u>30,164</u>
Funds					
Unrestricted funds	22	22,523	23,485	21,978	22,748
Restricted funds	22	19,835	19,619	7,929	7,416
Total funds	22	<u>42,358</u>	<u>43,104</u>	<u>29,907</u>	<u>30,164</u>

The notes on pages 19 to 44 form part of these financial statements.

SIBF has taken advantage of the exemption in section 408 of the Companies Act 2006 not to present its own Statement of Financial Activities. The net movement in funds for the year generated by the Foundation was a deficit of £257k based on a net income of £118k (2023: deficit of £224k).

These financial statements were approved by the Board of Directors on 2 October 2024 and were signed on its behalf by:



Sonali Siriwardena
Chair



Jagjit Dosanjh-Elton
Trustee

**SOCIAL INVESTMENT BUSINESS FOUNDATION
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2024**

	Notes	2024 £'000	2023 £'000
Operating activities			
Cash used in operating activities	23	(1,183)	(9,100)
Income taxes paid		(244)	(35)
Net cash used in operating activities		(1,427)	(9,135)
Cash flows from investing activities			
Investment in mixed motive investment		(217)	(794)
Co-investor drawdown		4,300	2,700
Repayments of borrowings		(4,811)	(12,147)
Purchase of investments		-	(10,000)
Purchase of intangible fixed assets		-	(27)
Investment income		2,205	1,604
Payments for financial investments		(7,231)	(5,063)
Repayments from mixed motive investments		6,731	11,280
Net cash generated by/(used in) investing activities		977	(12,447)
Net (decrease) in cash and cash equivalents		(450)	(21,582)
Cash and cash equivalents at the beginning of the year		15,904	37,486
Cash and cash equivalents at the end of the year		15,454	15,904
Analysis of cash and cash equivalents			
		2024 £'000	2023 £'000
Cash at bank and in hand		11,566	8,661
Short term deposits		3,888	7,243
		15,454	15,904

The notes on page 19 to 44 form part of these financial statements.

1 Significant accounting policies

(a) Reporting entity

Social Investment Business Foundation (SIBF) is a private company limited by guarantee (company number 05777484) and a registered charity (charity number 1117185), registered and domiciled in England and Wales. The principal activities of the Group are documented in the Trustees' Report. The registered office address of SIBF and its subsidiaries is Canopi, 7-14 Great Dover Street, London SE1 4YR.

The Group consists of the ultimate parent SIBF (the Foundation) and its subsidiaries: The Social Investment Business Limited (SIBL - 100% owned), Futurebuilders England Limited (FBE - 100% owned), Social Investment Business FM Ltd (SIBFM - 100% owned), Thrive Together (SIB) Limited (100% owned) and Social Investments Business Loans Limited (SIB Loans - 100% owned). All subsidiaries are included in the consolidated financial statements of SIBF. Both SIBL and FBE have traded under the name of the Social Investment Business since 28 July 2009.

The Group is authorised for the Communitybuilders Fund, Futurebuilders Fund, Modernisation Fund, and the Resilience and Recovery Loan Fund, as the fund manager, to act as the principal, therefore all transactions relating to these funds are recorded in the Statement of Financial Activities and the Balance Sheet. The Group acts as principal for the Access Reach and Access Impact Grants.

The Group is authorised by the Social Enterprise Investment Fund (SEIF), as the fund manager, to act as the agent, therefore transactions relating to this fund are not part of the financial statements of the Group. Income received for managing the fund and the cost associated with managing the fund are recorded in the financial statements.

(b) Basis of preparation

These financial statements for the Group are prepared on the going concern basis, under the historical cost convention, and in accordance with the Charities Act 2011, Companies Act 2006, and applicable accounting standards in the United Kingdom. These financial statements have also been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019).

The Foundation constitutes a public benefit entity as defined by FRS 102. The financial statements are prepared in sterling, both the functional and presentational currency of the Group. Financial values are rounded to the nearest £'000..

The Foundation has chosen to take advantage of the exemption from disclosing the following information in its company only accounts, as permitted by the reduced disclosure regime within FRS 102:-

- Section 7 'Statement of Cash Flows' – *Presentation of a Statement of Cash Flows and related notes and disclosures.*

The financial statements of the Foundation are consolidated in the financial statements of SIBF. The consolidated financial statements of SIBF are available from Canopi, 7-14 Great Dover Street, London SE1 4YR.

(c) Going concern

The Trustees have reviewed the forecasts for each company in the group, covering a period of 12 months from the date of signing these financial statements with concentration on the overall group position as the parent Charity (SIBF) would underwrite any losses in its subsidiaries.

Where SIB's own funds are directly invested, SIB has continued to retain a cautious provisioning position to ensure any future risk is mitigated and continues to monitor performance at quarterly investment committee meetings.

1 Significant accounting policies

The entities within the group are anticipated to have sufficient cash resources for at least 12 months following the date of signing these financial statements. As a result, the Trustees have not identified any material uncertainties and therefore consider it appropriate for the accounts to be prepared on a Going Concern.

1 Significant accounting policies

(d) Basis of consolidation

The financial statements consolidate the results of the Foundation and its subsidiary undertakings on a line-by-line basis. The entities consolidated are those listed in the Note 26. All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. SIBF has taken advantage of the exemption in section 408 of the Companies Act 2006 not to present its own Statement of Financial Activities.

(e) Fund accounting

Restricted funds

Restricted funds are to be used for specific purposes either laid down by the funder or specified in each agreement for the benefit of identified beneficiaries. Expenditure incurred by the Foundation for these purposes is charged to the fund, together with a fair allocation of overheads, support costs and interest income.

Unrestricted funds

Unrestricted funds are available for use against operating costs in delivery of specific funds as stated in the service agreements in place and within the overall price therein, but at the Trustees' discretion in how delivery is achieved within that price. Where contracts might place restrictions on any gains, any cost savings are repayable to the appropriate funder on a basis specified in the contract. Fees payable to the Group for the management of restricted funds are unrestricted and are transferred from restricted to unrestricted funds.

Unrestricted funds include designated funds where the Trustees, at their discretion, have created a fund for a specific purpose. Further details of each fund are disclosed in Note 22.

(f) Investment in subsidiaries

In the separate accounts of the Foundation, interests in subsidiaries and associates are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. Interest in subsidiaries and associates are assessed for impairment at each reporting date. Any impairment losses or reversals of impairment losses are recognised immediately in the Statement of Financial Activities.

(g) Investment in associate – Social and Sustainable Capital LLP (SASC)

SIBF continues to be a shareholder and investor in Social and Sustainable Capital LLP (0C378569) and its funds. During the year, the SIB investment in the Community Investment Fund (CIF) was largely recovered, and SIBF's remaining share in the LLP is 10.56% (before restructure).

Further details of this transaction can be seen in note 15.

1 Significant accounting policies (continued)

(h) Income

All income is included in the Statement of Financial Activities when the Group is legally entitled, receipt is probable and the amount can be measured reliably, and performance related conditions are fulfilled.

Investment income, including associated tax, relating to both unrestricted and restricted funds, is recognised when receivable.

Fund management fee income is recognised when the Group is entitled to the income based on the fund management contract. 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.

In some circumstances, the Group acts as agent with regard to the distribution certain funds, payments received in relation to these funds and subsequent disbursements to the intended recipients are excluded from the Statement of Financial Activities as the Group does not have control over the charitable application of the funds. Funds received but not disbursed at the year end are included in other creditors on the Balance Sheet. Details of these are disclosed within Note 28.

Grant income, where the Group operates as principal, are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance Sheet. Where income is received in advance of meeting any performance- related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

Pro bono activities

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

(i) Expenditure

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party and on an accruals basis in the period in which they are incurred. Expenditure includes attributable VAT when this cannot be recovered.

Costs incurred on charitable activities comprise all the expenditure incurred by the Group in undertaking its charitable objectives. Expenditure is allocated between:

- expenditure incurred directly to the fulfilment of the Foundation's objectives
- expenditure on the governance infrastructure which allows the Foundation to operate and to generate the information required for public accountability.

Items of indirect expenditure are apportioned on an appropriate basis as follows:

- Within governance costs, staff time is attributed on an analysis of time spent on the various activities.
- Fund management costs are allocated as incurred and according to time spent.
- Premises and operational costs are allocated pro rata to staff time.

Governance costs are costs incurred in connection with meetings of the Board of Trustees and Committees of the Group, fees paid to the statutory auditor, internal auditor and legal fees where they are not for services provided in relation to fund management activities. The expenditure

classed as governance costs has been detailed in Note 7, and these costs have been allocated over fund management costs on the basis of staff time spent on these activities.

1 Significant accounting policies (continued)

(i) Expenditure (continued)

Support costs are functions that assist the work of the Foundation but do not directly undertake charitable activities. Support costs include back office costs, finance and human resources. The basis on which support costs have been allocated are set out in Note 7.

Funds to be returned for recycling are recognised only when their return is formally notified, or requested, by the funder.

Grant expenditure is recognised at the point where the Group has a legal or constructive obligation to make a payment, the grant has been approved and communicated to the recipient. Loan offers communicated are recognised as a financial investment in the Balance Sheet only once a disbursement has been made to the investees.

(j) Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets. The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

(k) Defined contribution pension schemes

The Group operates a defined contribution pension scheme. Contributions to the pension scheme are recognised as an expense in the Statement of Financial Activities as incurred. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

(l) Operating leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight-line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(m) 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 corporation tax payable based on the taxable profit for the current year, plus any adjustments to income tax payable in respect of prior years.

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.

The Group's subsidiaries are liable for corporation tax on their operating profits, to the extent not gift-aided to the holding charity.

(n) Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Website and software licenses	3-5 years (20% - 33% per annum)

1 Significant accounting policies

(o) 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 consolidated Statement of Financial Activities 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:

Office equipment & IT	3-5 years (20% - 33% per annum)

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

(p) Financial investments

Financial investment loans, equivalent to mixed motive investments, are recognised at the point of the disbursement under the conditions set out in the loan. Financial investment loans are subsequently carried at amortised cost, being transaction price less any amounts settled and any impairment losses as assessed.

Trade investments are equity investments over which the Group has no significant influence, joint control or control and are initially measured at transaction price. Transaction price includes transaction costs, except where trade investments are measured at fair value through profit or loss when transaction costs are expensed to profit or loss as incurred.

Trade investments are initially recognised at their transaction value and subsequently measured at their fair value through profit or loss as at the balance sheet date using the closing quoted market price.

(q) Financial instruments

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

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

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

Basic financial assets

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

Derecognition of financial assets and liabilities

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some (but not substantially all) risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

1 Significant accounting policies

A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

1 Significant accounting policies

(q) Financial instruments (continued)

Classification of financial liabilities

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

Basic financial liabilities

Basic financial liabilities, which include trade and other creditors and accruals, are initially recognised at transaction price and subsequently measured at amortised cost, being transaction price less any amounts settled. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Concessionary loans

Concessionary loans are initially measured at the amount paid. In subsequent years, the carrying amount of concessionary loans is adjusted to reflect any interest receivable, where relevant."

(r) Provisions

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense and is included in "finance costs".

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

The Group makes specific provisions for impairment against loans when, as a result of frequent monitoring and review by the Investment Committees, it is considered that recovery is doubtful. A calibrated risk approach to the investment books of the Futurebuilders, Modernisation, Communitybuilders, Adventure Capital Funds, Forward Enterprise Fund, Liverpool LIF, Resilience & Recovery Loan and Recovery Loan Funds results in a further general provision being made to the financial investments, after taking account of individual specific provisions. Provisions made during the year, less amounts released, are charged to the Statement of Financial Activities and are netted off against financial investments in the Balance Sheet.

(s) Cash and cash equivalents

All cash held in accounts of less than 90-day notice is treated as cash and, classified as a deposit if notice is required to draw down cash.

(t) Critical accounting judgements and estimates

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Foundation's accounting policies and the reported assets, liabilities, income and expenditure and the disclosures made in the financial statements. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The key areas that are deemed to be material for these financial statements are as follows:

Significant judgement and estimates – provisions on financial investment loans

Significant judgements and estimates have been used in the calculation of both specific and risk calibrated provisions which are deducted from financial investments after the deduction of specific provisions. These provisions are calculated by applying impairments to financial investments after assessing their likelihood of default based on financial and subjective metrics.

1 Significant accounting policies

In respect of financial investments, the amount of specific provisions is £5.5m (2023: £6.8m), and the risk calibrated provision applied to the financial investments is £0.9m (2023: £1.2m).

1 Significant accounting policies

(t) Critical accounting judgements and estimates (continued)

Futurebuilders England Limited fund treatment

The contracts dated 1 April 2011 between Cabinet Office and SIBL and between Cabinet Office and FBE to manage the funds advanced by Cabinet Office to FBE expired on 31 March 2013. Those contracts expressly stated that FBE was acting as principal and on this basis, and taking into account the substance of the relationship with Cabinet Office, the assets and liabilities of FBE were fully consolidated in the accounts of the Group at 31 March 2013 and previous years and the monies advanced by Cabinet Office were treated as restricted funds.

This contract was replaced by a new contract between SIBL and Cabinet Office which ran from 1 April 2013 to 31 March 2016. Although there are some differences between the previous contract and the new contract, the governance arrangements, and the substance of the relationship between SIBL and Cabinet Office with regard to the management of these funds, remain largely unchanged, with the contract extended to March 2026.

In particular, Cabinet Office has advised that, in its opinion, FBE continues to act as principal under the contract and the contract specifically states that FBE "will hold the assets and liabilities of the fund on its Balance Sheet" although the new contract does not have an express statement confirming that FBE acts as principal not as agent.

However, the directors agree with the stance taken by Cabinet Office on the basis that FBE has discretion over whom funds are distributed to. In addition, all loan agreements are between FBE and the investee and not with the DCMS. In all these circumstances, the assets and liabilities of FBE continue to be fully consolidated in the Group's accounts at 31 March 2024 and the monies advanced by Cabinet Office continue to be treated as restricted funds. However, under the new contract, the Cabinet Office:

- has the right to terminate the contract at any time by giving at least three months' notice;
- will be given all shares in FBE for no consideration at the end of such notice period, and
- can require FBE to "deal with the Funds in the manner directed by Cabinet Office".

If the above were to occur, there would be a change in the nature of the relationship with Cabinet Office and in the substance of the agreement with SIBL. In such circumstances, the Group would immediately recognise in its accounts:

- a disposal of a subsidiary undertaking for no consideration should Cabinet Office serve notice to terminate the contract; or
- a liability should Cabinet Office make a request for funds to be returned to them.

The Futurebuilders contract with the Cabinet Office was transferred to DCMS during 2016/17.

2 Donations

	Group 2024 £'000	Group 2023 £'000
Pro bono legal services	468	181
	<u>468</u>	<u>181</u>

Pro bono services relate to activities received from professional service providers and are included within donations. Governance costs have been grossed up by an equivalent amount.

In 2024, £Nil of the donation income (2023: £Nil) was attributable to restricted funds with £468k (2023: £181k) being attributable to unrestricted funds.

SOCIAL INVESTMENT BUSINESS FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2024

3 Investment income

	Group 2024 £'000	Group 2023 £'000
By funding:		
Adventure Capital Fund (ACF)	1	13
Futurebuilders Fund	521	449
Forward Enterprise FM Limited	7	9
Liverpool Local Impact Fund (Liverpool LIF)	4	6
Communitybuilders Fund	102	118
Resilience & Recovery Loan Fund	376	695
Recovery Loan Fund	583	230
First Step Enterprise Funds (FSE)	4	1
Thrive Together Fund	29	-
Other investment income	578	83
	<u>2,205</u>	<u>1,604</u>
By nature:		
Interest on investments	1,627	1,373
Interest on bank deposits	578	231
	<u>2,205</u>	<u>1,604</u>

Investment income receivable relates to loan interest receivable on ACF, Futurebuilders, Communitybuilders, Resilience & Recovery Loan, Recovery Loan Fund, Thrive Together Fund and the investment in Responsible Multi Asset Funds and bank deposit interest.

In 2024, £1,509k of the investment income (2023: £1,432k) was attributable to restricted funds with £696k (2023: £172k) being attributable to unrestricted funds.

4 Fund management income and grant income

	Group 2024 £'000	Group 2023 £'000
Fund management fees	7,671	4,803
Grant income	58,678	15,565
Total fund management and grant income	<u>66,349</u>	<u>20,368</u>

Fund management fees are derived from managing grant and loan funds, of which £124k (2023: £152k) is attributable to restricted funds and £7,547k (2023: £4,651k) is attributable to unrestricted funds.

Of the grants under management £56,684k was attributable to restricted funds whereas £1,994k was attributable to unrestricted funds (2023: all grants under management were restricted income).

5 Other income

	Group 2024 £'000	Group 2023 £'000
Other income including Business Support income	527	398
	<u>527</u>	<u>398</u>

Business Support income is for support provided to investees by staff and external consultants under the Communitybuilders Fund and the Social Enterprise Investment Fund and which has been recharged to these funds. In 2024, £350k (2023: £253k) of the other

- 3 Investment income**
income was attributable to unrestricted funds and £177k (2023: £145k) was attributable to restricted funds.

SOCIAL INVESTMENT BUSINESS FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2024

6 Analysis of direct and support costs

	Group 2024 £'000	Group 2023 £'000
Direct costs		
Staff costs	2,418	1,664
Premises and operational	513	342
Legal and other professional	11	-
Depreciation	9	-
Operating leases for land and buildings	-	11
Business consultants - investee support	30	32
Other consultancy	263	334
Other direct costs	2,851	2,527
Direct fund management	686	556
Support costs		
Governance	1,103	558
Support costs	2,880	1,107
	<u>10,764</u>	<u>7,131</u>

In 2024, £574k (2023: £810k) of the fund management costs was attributable to restricted funds and £10,190k (2023: £6,321k) was attributable to unrestricted funds.

7 Allocation of governance and support costs

Governance and support costs comprise the following:

	Group 2024		Group 2023		Basis of appointment
	Governance £'000	Support Costs £'000	Governance £'000	Support Costs £'000	
Staff costs	142	1,143	99	786	Staff time
Premises and operational	30	243	19	162	Staff time
Legal and other professional	1	6	-	61	Invoices
Pro bono legal fees	468	3	181	-	Invoices
Board and investment committee costs	157	-	142	-	Invoices
Auditors' remuneration - audit services	61	-	55	-	Governance
Auditor's remuneration - non audit services	53	-	54	-	Governance
Internal audit	6	-	6	-	Governance
Other consultancy	17	138	2	98	Staff time
Other support costs	168	1,347	-	-	Staff time
	<u>1,103</u>	<u>2,880</u>	<u>558</u>	<u>1,107</u>	

SOCIAL INVESTMENT BUSINESS FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2024

8	Grants paid	Group 2024 £'000	Group 2023 £'000
	Grants awarded	57,678	15,612

The Foundation undertakes its charitable activities through grant making and awarding grants to a number of individuals and institutions in furtherance of its charitable activities. £936k of grants were made from unrestricted funds and £56,742 were from restricted funds (2023: all grants are restricted funds).

Recipients of grants:	2024		2023	
	No. of grants	£'000	No. of grants	£'000
Arts, Heritage, Sports and Faith	23	378	20	235
Citizenship and Community	41	793	37	439
Conservation of the Natural Environment	23	427	11	115
Employment	19	242	8	120
Family, Friends and Relationships	7	104	3	25
Housing and Local Facilities	22	549	11	112
Income and Financial Inclusion	15	207	4	23
Mental Health and Wellbeing	74	993	77	983
Physical Health	15	287	8	75
Training and Education	53	1,261	21	277
Other	11	182	80	388
Youth Investment Funds	244	52,532	88	10,903
Less: Grants awarded last year, disbursed this year		(1,917)	-	-
		56,038		13,695
Grants awarded but not disbursed				
Youth Investment Funds		483		1,604
Employment		8		244
Other		1,149		69
		57,678		15,612

	Notes	Group 2024 £'000	Group 2023 £'000
Repayments to DCMS			
Amounts repaid to the DCMS		844	7,000

In 2024, expenditure of £844k (2023: £7,000k) was attributable to restricted funds.

Investment provisions/write offs made in year:

<i>Write offs</i>			
Capital	14	2,141	6,107
Interest		1	323
		2,142	6,430
<i>Provisions</i>			
Capital	14	(1,125)	(7,581)
Interest		74	(270)
		(1,051)	(7,851)
<i>Other adjustments</i>			
Investment in SASC		(1,200)	4
Net income related to fund costs		(109)	(1,417)

In 2024, income of £7k (2023: income of £1,062k) was attributable to restricted funds with

SOCIAL INVESTMENT BUSINESS FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2024

income of £102k (2023: income of £355k) attributable to unrestricted funds.

SOCIAL INVESTMENT BUSINESS FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2024

9 Net income/(expenditure) for the year

	Group 2024 £'000	Group 2023 £'000
Net income/(expenditure) for the year is stated after charging:		
Amortisation of intangible fixed assets	9	7
Operating leases for land and buildings	-	11
Auditor's remuneration - audit services	61	55
Auditor's remuneration - non audit services	53	54
Internal audit	<u>6</u>	<u>6</u>

10 Staff costs

	Group 2024 £'000	Group 2023 £'000
Wages and salaries	3,147	2,166
Social security costs	343	236
Other pension costs	213	147
	<u>3,703</u>	<u>2,549</u>

Included in the figures above are payments made to the Group and Foundation key management personnel (including employer pension contributions, and employer national insurance contributions) defined as Directors and the Group Senior Management Team (CEO, Director of Finance, Deputy CEO, Director of Investments and Director of People & Values). Remuneration for the 5 members of the Group Senior Management Team totalled £571,904 (2023: 6 members, £621,599) including pension payments of £37,285 (2023: £37,730) and employer's national insurance of £59,315 (2023: £57,833).

The payments to Directors of SIBF Board are for their services to the Group. Authority for remunerating directors is included within the memorandum and articles of SIBF. The total SIBF directors' remuneration is £12,480 (2023: £12,480) of which the Chair is paid £12,480 (2023: £12,480). The Chair is paid by SIBL £27,194 (2023: £27,310) of which £12,480 is recharged to SIBF).

Payments are also made to the Directors of SIBL, a subsidiary of SIBF. The total SIBL director remuneration costs are £45,714 (2023: £46,715) of which £Nil (2023: £Nil) relates to pension payments. This means that the total Group Trustee and Director costs amounted to £58,194 (2023: £59,195) including pension payments of £Nil (2023: £Nil).

The monthly average number of employees during the year was as follows:

	Group 2024 No	Group 2023 No
Operational staff	67	39
Management staff	5	6
	<u>72</u>	<u>45</u>

The number of employees whose employee benefits (excluding employer pension costs and employer national insurance contributions) exceeded £60,000 was:

£60,000 - £69,999	5	9
£70,000 - £79,999	3	2
£80,000 - £89,999	3	3
£90,000 - £99,999	2	-
£110,000 - £119,999 *	-	1
£130,000 - £139,999 *	1	-
	<u>14</u>	<u>15</u>

*Includes the Chief Executive

No members of operational staff were employed by the parent company SIBF (2023: None).

10 Staff costs (continued)

Board, Investment Committee and Directors' remuneration

Board, Investment Committee and Directors' remuneration are payments to members of the SIBL and SIBF Board for their services to the Group. Authority for remunerating Directors is included within the memorandum and articles of SIBF.

	Salary		Expenses	
	2024	2023	2024	2023
	£	£	£	£
Rt Hon Hazel Blears	27,194	27,310	-	-
Richard Pelly OBE	-	5,250	-	-
James Rice	4,000	4,000	-	-
Jenny North	4,000	4,000	-	-
Amina Ahmad	4,000	4,000	-	-
Jagit Dosanjh-Elton	7,000	7,000	-	-
Anne-Marie Vine-Lott	-	4,000	-	-
Gavin Keyte	7,000	3,635	-	-
Hugh Rolo	5,000	-	-	-
	<u>58,194</u>	<u>59,195</u>	<u>-</u>	<u>-</u>

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

Pensions

No pension contributions were paid to Board and Investment committee members during this year or the prior year.

SIBF 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 1 August 2016: 6.79%, 9.06% and 11.33% depending on the level of employee contribution and two rates for all staff employed on 1 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 Group in independently administered funds. The pension cost charge represents contributions payable under the schemes by the Group to the funds.

Included within other creditors are outstanding pension contributions for the Group at the year-end were
£30,260 (2023: £37,096).

Other Board, Investment Committee and Directors' costs

A total of £Nil was paid in other Board, Investment Committee and Director costs in the year ended 31 March 2024 (2023: £Nil).

11 Corporation tax (charge)/credit

SIBF, as a registered charity, is exempt from corporation tax under the Corporation Tax Act 2010 (chapters 2 and 3 of part II, section 466 onwards) or Section 256 of the Taxation for Chargeable Gains Act 1992, to the extent surpluses are applied to its charitable purposes.

FBE is not subject to corporation tax on fund income on drawn down requests in respect of investments to Civil Society Organisations. Corporation tax is chargeable to the restricted fund where it relates to loan interest received. Corporation tax relating to interest accrued is borne by FBE and is included as a charge against the unrestricted management fee.

Any tax-adjusted surplus arising in FBE and SIBL on the payment they receive to cover operational and management costs will be taxable. The tax charge arising on the payment received to cover operational and management costs differs from the surplus/deficit on that payment as follows:

	2024 £'000	2023 £'000
Net expenditure		
Net expenditure before taxation	(746)	(5,674)
Tax at 25% thereon Effects of:	(187)	(1,078)
Expenses not deductible for tax purposes	331	1,386
Deferred tax adjustment for tax rate change	-	1
Deferred tax not recognized	(14)	(6)
Utilisation of tax losses	-	(59)
Actual current tax credit/(charge)	<u>130</u>	<u>244</u>

A potential deferred tax asset of £3,916 exists at the year-end (2023: £225,664) relating to fixed asset timing differences and tax losses. This has not been recognised within the financial statements, due to the uncertainty of recognition.

12 Intangible fixed assets

	Website & software licenses £'000
Group	
Cost	
At 1 April 2023	<u>27</u>
At 31 March 2024	<u>27</u>
Amortisation	
At 1 April 2023	7
Amortisation charged for the year	9
At 31 March 2024	<u>16</u>
Net book value	
At 31 March 2024	<u>11</u>
At 1 April 2023	<u>20</u>

The Foundation had no intangible fixed assets at 31 March 2024 or 31 March 2023.

SOCIAL INVESTMENT BUSINESS FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2024

13 Tangible fixed assets

	Office equipment and IT £'000
Group and Foundation	
Cost	
At 1 April 2023	244
Disposal	(244)
31 March 2024	-
Accumulated depreciation	
At 1 April 2023	244
Disposal	(244)
31 March 2024	-
Net book value	
At 1 April 2023 and 31 March 2024	-

14 Financial investments

Financial investments are in the form of loans and guarantees and are mixed motive investments. This year the Group have made specific provisions against 1 loan (2023: 2) which may be non-performing. The Trustees believe that the carrying value of the investments is supported by their underlying assets.

	Group		Foundation	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Balance at 1 April	26,771	31,514	3,628	4,400
New loans disbursed	7,231	5,063	133	68
Repayments received	(6,731)	(11,280)	(569)	(1,200)
Loan balance at 31 March before write off and provisions	27,271	25,297	3,192	3,268
Loans written off	(2,141)	(6,107)	(314)	(2,169)
Movement in provisions	1,948	7,581	(18)	2,529
	(193)	1,474	(332)	360
Balance at 31 March	27,078	26,771	2,860	3,628

	Group		Foundation	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Maturity of loans and advances:				
Within 1 year	322	5,508	29	870
Over 1 year to 5 years	13,792	17,983	671	1,889
Over 5 years	12,964	3,280	2,160	869
	27,078	26,771	2,860	3,628

SOCIAL INVESTMENT BUSINESS FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2024

14 Financial investments (continued)

	Group		Foundation	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Provisions brought forward 1 April	7,983	15,564	1,765	4,293
(Decrease)/Increase in provisions	(3,861)	279	(295)	1
Provisions written back/(off)	1,911	(7,860)	313	(2,529)
Provisions carried forward 31 March	<u>6,033</u>	<u>7,983</u>	<u>1,783</u>	<u>1,765</u>

SIBF

The Foundation shows an increase in provision in the year of £18k (2023: decrease of £2,529k) comprising a decrease in ACF of £3k (2023: decrease of £390k), a decrease in Communitybuilders provision of £51k (2023: decrease of £2,083k), a decrease of £Nil in East London IF (2023: decrease of £2k), a decrease of £Nil in the Liverpool LIF provision (2023: decrease of £46k), an increase of £2k in Forward Enterprise Fund (2023: decrease of £7k), an increase of £2k in First Step Enterprise Fund (2023: decrease of £1k) and an increase of £69k (2023: increase of £Nil) in the NCRIF provision.

Futurebuilders England Limited

During the year, no specific provision was made (2023: £Nil). Specific provisions were released across 3 loans totalling £1.8m (2023: £4.91m, 16 loans). In addition, the risk calibrated provision was decreased by £188k (2023: decreased by £247k).

SIB FM Limited

During the year, specific provisions decreased by £55k on 4 loans (2023: increased by £168k, 5 loans). In addition, the risk calibrated provision was increased by £130k (2023: decreased by £174k).

SIB Loans Limited

During the year, an additional specific provision of £128k was made on 1 loan (2023: £15k, 1 loan). In addition, the risk calibrated provision was increased by £107k (2023: increased by £94k).

Thrive Together (SIB) Limited

During the year, there were no specific provisions made. A risk calibrated provision of £17k was made (2023: £nil).

15 Financial investments – movements in other mixed motive investments

Group and Foundation

	2024	2023
	£'000	£'000
CIF		
Opening investment	550	626
Investment in CIF	<u>35</u>	<u>-</u>
Closing investment	<u>585</u>	<u>626</u>
Opening provision	(76)	(70)
Provision recovered/(increase)	<u>76</u>	<u>(6)</u>
Closing provision	<u>-</u>	<u>(76)</u>
Balance at 31 March	<u><u>585</u></u>	<u><u>550</u></u>
SASH		
Opening investment	1,631	837

SOCIAL INVESTMENT BUSINESS FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2024

Investment in SASH	230	794
Balance at 31 March	1,861	1,631

SOCIAL INVESTMENT BUSINESS FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2024

15 Financial investments – movements in other mixed motive investments (continued)

Group and Foundation	2024 £'000	2023 £'000
<i>TSIF</i>		
Opening investment	1,500	1,500
Disposal	(1,125)	-
Revaluation	(375)	-
Closing investment	-	1,500
Opening provision	(1,125)	(1,125)
Provision recovered	1,125	-
Closing provision	-	(1,125)
Balance at 31 March	-	375
Total balance at 31 March	2,446	2,556

SASC investment

During 2013, SIBF acquired a 29% share of SASC – entitling the Group to a 51% share of all future profit distributions. The investment in this associate has been accounted for using the equity method – with the initial investment recognised at cost which is considered to be the fair value of the consideration paid by the Group. The carrying amount of the investment is increased or decreased to recognise the Group's share of the profit or loss of SASC – and this profit or loss is reflected in the Group's results for the period.

In 2022, SIBF's exit of SASC's CIF reduced its share of SASC down to 10.56% this financial year. The share

% of SASC is below the associate threshold and therefore SASC investments and provisions were reclassified from investment in associate to other mixed motive investments.

As at 31 March 2024, SIBF has an investment in the Community Investment Fund of £585k and Social and Sustainable Housing Fund of £1,861k. The total investment into SASC is £2,446m.

16 Financial investments - responsible multi asset fund

Group and Foundation	2024 £'000	2023 £'000
Listed investments		
Market value brought forward	9,914	-
Additions at cost	-	10,000
Cash disbursed through portfolio	-	(139)
Management fees	(12)	(48)
Net gain on revaluation	541	101
Market value as at year-end	10,443	9,914
Investments at fair value comprised:		
Equities	7,325	6,458
Bonds and Alternatives	2,616	2,718
Cash held within the investment portfolio	502	738
Market value as at year-end	10,443	9,914

SOCIAL INVESTMENT BUSINESS FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2024

16 Financial investments - responsible multi asset fund (continued)

All investments are carried at their fair value. The investments are in the responsible multi asset fund managed by Cazenove. The basis of fair value for quoted investments is equivalent to the market value, using the bid price. Asset sales and purchases are recognised at the date of trade at cost (that is their transactional value).

17 Debtors: amounts falling due within one year

	Group		Foundation	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Trade debtors	1,635	2,039	-	-
Investee interest receivable	73	167	17	53
Prepayments and accrued income	390	193	16	44
Amounts owed by subsidiaries	-	-	1,866	1,140
	<u>2,098</u>	<u>2,399</u>	<u>1,899</u>	<u>1,237</u>

18 Creditors: amounts falling due within one year

	Group		Foundation	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Trade creditors	404	204	-	-
Other taxation and social security	232	183	-	-
Corporation tax	130	244	-	-
Other creditors	1,038	1,933	133	135
Accruals	348	205	147	-
Deferred income (note 19)	999	238	-	-
	<u>3,151</u>	<u>3,007</u>	<u>280</u>	<u>135</u>

19 Deferred income

	Group		Foundation	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
As at 1 April 2023	238	280	-	-
Income deferred during the year	873	23	-	-
Amounts released from previous year	(112)	(65)	-	-
As at 31 March 2024	<u>999</u>	<u>238</u>	<u>-</u>	<u>-</u>

Deferred income relates to the arrangement fees received in advance of the loan on disbursement of the loan.

SOCIAL INVESTMENT BUSINESS FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2024

20 Creditors: amounts falling due after more than one year

	Group		Foundation	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Amounts owed to co-investors:				
Owed to BSC, co-investor in SIBFM	5,021	8,753	-	-
Owed to co-investors in SIB Loans	7,000	2,700	-	-
	<u>12,021</u>	<u>11,453</u>	<u>-</u>	<u>-</u>

Loan owed to Better Capital Society (BSC), co-investor in SIBFM

Repayments are made to BSC Loan Funds twice yearly following the end of the availability period from SIB FM cash balances, after SIBL management fees have been deducted. Accordingly, none of the BSC Loan Funds are expected to be payable within one year and fall due between two and five years.

No security is given over these loans and no interest is charged on the balance.

Loan owed to co-investors in SIB Loans

Co-investor funds in SIB Loans are payable in 9 years, with an availability period of 5 years. An additional drawdown has been made in the year in relation to the Recovery Loan Fund (RLF) programme.

Security on this loan is over the shares of SIB Loans and there is a fixed and floating charge debenture over all assets. 3% interest is charged on this loan.

21 Financial instruments

Group and Foundation

The Group and Foundation has the following financial assets held at fair value through profit or loss:

	2024	2023
	£'000	£'000
Equity investments held at fair value through profit or loss (Note 16)	10,443	9,914

22 Funds

<i>In year</i>	Balance 1 April 2023 £'000	Income £'000	Expenditure and provisions £'000	Transfers £'000	Balance 31 March 2024 £'000
Group					
Futurebuilders Fund	11,978	542	(585)	(310)	11,625
Resilience & Recovery Fund	-	376	(277)	(99)	-
Recovery Loan Fund	3,013	707	(469)	293	3,544
Other investment funds	4,675	185	(81)	(9)	4,770
Grant funds	(47)	56,684	(56,741)	-	(104)
Restricted funds carried forward	19,619	58,494	(58,153)	(125)	19,835
Designated funds	9,720	2,068	(5,267)	-	6,521
Unrestricted funds	13,765	8,987	(6,875)	125	16,002
Total funds carried forward	43,104	69,549	(70,295)	-	42,358

SOCIAL INVESTMENT BUSINESS FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2024

22 Funds (continued)

<i>Previous year</i>	Balance 1 April 2022 £'000	Income £'000	Expenditure and provisions £'000	Transfers £'000	Balance 31 March 2023 £'000
Group					
Futurebuilders Fund	17,944	467	(6,097)	(336)	11,978
Communitybuilders Fund	2,636	-	-	(2,636)	-
Resilience & Recovery Fund	-	695	(536)	(159)	-
Recovery Loan Fund	2,978	382	(186)	(161)	3,013
Other investment funds	4,682	185	(173)	(19)	4,675
Grant funds	-	15,565	(15,612)	-	(47)
Restricted funds carried forward	28,240	17,294	(22,604)	(3,311)	19,619
Designated funds	-	-	(280)	10,000	9,720
Unrestricted funds	20,782	5,257	(5,585)	(6,689)	13,765
Total funds carried forward	49,022	22,551	(28,469)	-	43,104

The Board approved back in January 2022 to create a £10m Strategic Designated Reserve to be invested for impact in line with the strategy by March 2026. As at the year end, the Board have approved £4.98m worth of proposals including:

- Create Equity £333k (FY22-24)
- Data Evaluation £554k (over 3 years)
- Thrive Together Fund £3m
- District Heat Network £600k
- Energy Resilience Fund £500k

The designated reserve spend for this year is £5,267k (2023: £280k)

The Futurebuilders Fund provides loan financing, often combined with grants and professional support, to civil society organisations in England that need investment to help them bid for, win and deliver public service contracts. This fund is closed for new applications.

The Communitybuilders Fund provides loans, grants and business support to multi-purpose, inclusive, community-led organisations (sometimes known as Community Anchors). This restricted fund takes the form of an endowment to SIBF and, on 1 April 2022, the current restrictions were lifted.

The Resilience & Recovery Fund was initiated to support VCSE's faced with financial difficulties due to the Covid-19 disruption and restrictions.

The Recovery Loan Fund represents the carrying value of the net assets of SIB Loans, a wholly owned subsidiary of SIBF, which was set up to manage this fund.

22 Funds (continued)

Transfers

	Group 2024 £'000	Group 2023 £'000
Transfers to unrestricted funds:		
- Communitybuilders Fund	-	2,636
Transfers to restricted funds:		
- Recovery Loan Fund	(500)	-
Transfers to management fees:		
- Communitybuilders Fund	9	19
- Futurebuilders Fund	310	336
- Resilience & Recovery Loan Fund	99	159
- Recovery Loan Fund	207	161
	<u>125</u>	<u>3,311</u>

Transfer to unrestricted funds (prior year)

Communitybuilders Fund became unrestricted from 1 April 2022 and this is represented by the transfer from restricted to unrestricted all the Communitybuilders net assets that have been fully reconciled including SASC, of which the cash from Communitybuilders Fund was used to invest in.

Transfer to management fee

Communitybuilders Fund represents a transfer from the restricted Communitybuilders Fund to SIBL as payment of the fund management fees.

Futurebuilders Fund represents the payment of the management fee from DCMS to SIBL from returns to the fund.

Resilience & Recovery Fund represents a transfer from the restricted SIBFM funds to SIBL as payment for fund management fees and loan arrangement fees.

Recovery Loan Fund represents a transfer from the restricted SIB Loans funds to SIBL as payment for fund management fees and loan arrangement fees. The transfer of £500k from the Recovery Loan Fund relates to a further investment in SIB Loans by Social Investment Business Foundation.

All of these are shown as transfers between restricted and unrestricted funds on the face of the Statement of Financial Activities.

SOCIAL INVESTMENT BUSINESS FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2024

22 Funds (continued)

<i>In year</i>	Balance 1 April 2023 £'000	Income £'000	Expenditure and provisions £'000	Transfers £'000	Balance 31 March 2024 £'000
Foundation					
Recovery Loan Fund	3,000	-	-	500	3,500
Other investment funds	4,416	188	(175)	-	4,429
Restricted funds carried forward	7,416	188	(175)	500	7,929
Designated funds	9,720	-	-	-	9,720
Unrestricted funds	13,028	780	(1,050)	(500)	12,258
Total funds carried forward	30,164	968	(1,225)	-	29,907
 <i>Previous year</i>	 Balance 1 April 2022 £'000	 Income £'000	 Expenditure and provisions £'000	 Transfers £'000	 Balance 31 March 2023 £'000
Foundation					
Communitybuilders Fund	2,636	-	-	(2,636)	-
Recovery Loan Fund	3,000	-	-	-	3,000
Other investment funds	4,401	186	(171)	-	4,416
Restricted funds carried forward	10,037	186	(171)	(2,636)	7,416
Designated funds	-	-	(280)	10,000	9,720
Unrestricted funds	20,351	179	138	(7,364)	13,028
Total funds carried forward	30,388	365	(589)	-	30,164

SOCIAL INVESTMENT BUSINESS FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2024

23 Analysis of net assets between funds

Group	Fixed Assets		Current assets	Total liabilities	Total funds
	Intangible Assets	Financial investments			
	2024 £'000	2024 £'000			
<i>In year</i>			2024 £'000	2024 £'000	2024 £'000
Designated Funds	-	3,206	3,315	-	6,521
Restricted funds	-	22,154	9,993	(12,312)	19,835
Unrestricted funds	11	14,607	4,244	(2,860)	16,002
Total Group	11	39,967	17,552	(15,172)	42,358
	2023 £'000	2023 £'000	2023 £'000	2023 £'000	2023 £'000
<i>Previous year</i>					
Restricted funds	-	23,327	8,179	(11,887)	19,619
Unrestricted funds	20	15,914	10,124	(2,573)	23,485
Total Group	20	39,241	18,303	(14,460)	43,104
Foundation	Fixed Assets		Current assets	Total liabilities	Total funds
	Intangible Assets	Financial investments			
	2024 £'000	2024 £'000			
<i>In year</i>			2024 £'000	2024 £'000	2024 £'000
Designated funds	-	6,405	3,315	-	9,720
Restricted funds	-	3,695	4,514	(280)	7,929
Unrestricted funds	-	12,149	109	-	12,258
Total Group	-	22,249	7,938	(280)	29,907
	2023 £'000	2023 £'000	2023 £'000	2023 £'000	2023 £'000
<i>Previous year</i>					
Restricted funds	-	3,184	4,367	(135)	7,416
Unrestricted funds	-	15,930	6,818	-	22,748
Total Group	-	19,114	11,185	(135)	30,164

SOCIAL INVESTMENT BUSINESS FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2024

24 Statement of Cash Flows notes:

Reconciliation of net expenditure to net cash (used in)/ generated by operating activities:

	Group 2024 £'000	Group 2023 £'000
Net expenditure after taxation	(746)	(5,918)
Tax paid	130	244
Net gain on investments	613	(101)
Investments income and bank interest received	(2,205)	(1,604)
Amortisation of intangible fixed assets	9	7
Increase/(decrease) in investment provisions/write offs	883	(1,469)
Decrease in associate investment provision	(750)	-
Decrease/(Increase) in debtors	301	(1,537)
Increase in creditors	582	1,278
Net cash used in operating activities	<u>(1,183)</u>	<u>(9,100)</u>

Analysis of changes in net funds:

	1 April 2023 £'000	Cashflow £'000	31 March 2024 £'000
Cash at bank and in hand			
Cash	8,661	2,905	11,566
Short term deposits	7,243	(3,355)	3,888
Debt due > 1 year			
Amounts owed to fund co-investors	(11,453)	(568)	(12,021)
Total net funds	<u>4,451</u>	<u>(1,018)</u>	<u>3,433</u>

25 Related party transactions

SIBF is a partner in SASC which includes: The Third Sector Loan Fund LLP, the Community Investment Fund LP and Social and Sustainable Housing LP.

SIBF paid SIBL £118k (2023: £146k) for management of the Communitybuilders Fund, and £436k (2023:

£400k) towards operational and premises costs. SIBF paid SIBL £147k (2023: £116k) for grant programme delivery fees during the year. SIBF received £nil (2023: £2k) in interest and £15k (2023: £62k) in capital regarding an intercompany loan between SIBF and SIBL.

At the balance sheet date the following amounts were outstanding with related parties:

Related Party	Relationship	Transaction type	2024 £	2023 £
SIBL	Wholly-owned subsidiary	Intercompany Balance	1,865,582	1,140,340
SIBL	Wholly-owned subsidiary	Intercompany Loan	-	15,625

SIBL is a trading subsidiary of the SIBF.

26 Investment in subsidiaries

Details of the Foundation's subsidiaries at 31 March 2024 are as follows:

Name	Status	Members	% owned	Registered No
The Social Investment Business Limited (SIBL)	Company limited by guarantee	SIBF	100	06490609
Futurebuilders England Limited (FBE)	Company limited by guarantee	SIBL	100	05066676
Social Investment Business FM Limited (SIBFM)	Company limited by shares	SIBF	100	12543106
Social Investment Business Loans Limited (SIB Loans)	Company limited by shares	SIBF	100	13259359
Thrive Together (SIB) Limited	Company limited by shares	SIBF	100	14809311

Foundation

	2024 £'000	2023 £'000
<i>Investments in subsidiaries</i>		
Opening investment	3,000	3,000
New investment in year	3,500	-
Balance at 31 March	6,500	3,000

All are registered in England and Wales.

All have their registered address at: Canopi, 7-14 Great Dover Street, London SE1 4YR.

On 17 April 2023, Thrive Together (SIB) Limited (Company Number: 14809311) was incorporated as a wholly owned subsidiary of SIBF.

SOCIAL INVESTMENT BUSINESS FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2024

26 Investment in subsidiaries (continued)

The financial results of the subsidiaries are summarised below:

Profit and Loss Account	SIBL		FBE		SIBFM		SIB Loans		Thrive Together Ltd	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000	2024 £'000	2023 £'000	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Income	66,562	22,142	542	466	376	695	707	382	2,068	-
Expenditure	(66,510)	(21,837)	(896)	(6,190)	(376)	(695)	(676)	(347)	(2,068)	-
Net income/(deficit) before tax	52	305	(354)	(5,724)	-	-	31	35	-	-
Corporation tax charge	-	-	(121)	(242)	-	-	(8)	(2)	110	-
Net income/(deficit) for the year after tax	52	305	(475)	(5,966)	-	-	23	33	110	-

Balance Sheet	SIBL		FBE		SIBFM		SIB Loans		Thrive Together Ltd	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000	2024 £'000	2023 £'000	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Fixed assets	11	20	9,046	10,847	3,770	6,868	9,157	5,428	2,247	-
Current assets										
Debtors	2,148	2,316	34	38	22	48	64	37	-	-
Cash at bank and in hand	2,283	2,355	2,640	1,420	1,232	1,872	1,369	310	1,999	-
	4,431	4,671	2,674	1,458	1,254	1,920	1,433	347	1,999	-
Current liabilities										
Creditors	(3,653)	(3,954)	(215)	(325)	(3)	(35)	(57)	(65)	(311)	-
Net current assets	778	717	2,459	1,133	1,251	1,885	1,376	282	1,688	-
Creditors due after more than 1yr	-	-	-	-	(5,021)	(8,753)	(7,000)	(2,700)	(825)	-
Net assets	789	737	11,505	11,980	-	-	3,533	3,010	3,110	-

27 Guarantors

Locality (formerly The Development Trusts Association) Registered Charity no: 1036460 is the remaining founder member of SIBF. The Directors appointed by the Board are the non-founder Directors. The founder and non-founder Directors are the members of the Foundation. Every member undertakes to contribute a sum not exceeding £1 to the assets of the Foundation if it is wound up during his or her membership or within one year afterwards.

28 Amounts disbursed as agent - Group

SIBL manages and disburses the restricted funds as principal, with the income and expenditure included in the Group Statement of Financial Activities; and as agent, with the grants, related disbursements, assets and liabilities excluded from the Group's financial statements. The activities as agent are shown below and in other creditors.

Social Enterprise Investment Fund (SEIF)	2024 £'000	2023 £'000
Balance at 1 April	463	189
Returns to Funder (DoH)	-	(180)
Repayments from Investees	140	454
Balance held at 31 March	603	463
 Power to Change (PTC) grant programmes	 2024 £'000	 2023 £'000
Balance at 1 April	294	989
Funds received from PTC	57	2,713
Funds disbursed to grantees	(347)	(3,408)
Balance held at 31 March	4	294

29 Events after the reporting date

In June 2024, SIBF invested £500k into a new 100% owned subsidiary, Energy Resilience (SIB) Limited. The investment was made from Strategic Designated Reserves.

A photograph of a woman with dark curly hair and a young boy with light hair, both smiling and engaged in conversation. The background is slightly blurred, showing what appears to be a festive or celebratory setting with colorful streamers.

Social
Investment
Business
Foundation

Annual Report and Consolidated Financial Statements

Year Ended 31 March 2024

Charity number 1117185

Company Number 05777484

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**SOCIAL INVESTMENT BUSINESS FOUNDATION
TRUSTEES, OFFICERS AND ADVISERS
FOR THE YEAR ENDED 31 MARCH 2024**

Trustees

Rt Hon Hazel Blears (Chair) (Resigned 28 March 2024)
Sonali Siriwardena (Chair) (Appointed Chair from 28 March 2024) Christopher Barnard (Appointed on 28 March 2024)
Debjani Ghosh (Appointed on 28 March 2024)
Edward Wallis
Gavin Keyte
Jagjit Dosanjh-Elton
James Rice (Resigned 28 March 2024)
Jenny North (Resigned 28 March 2024)
Louisa Mitchell (Appointed 28 March 2024)
Magdalene Bayim-Adomako (Appointed on 28 March 2024) Robert Hewitt

Company Secretary and registered office

Nishit Chikhlia

Canopi, 7-14 Great Dover Street, London SE1 4YR

Charity number

1117185

Company number

05777484

Auditor

RSM UK Audit LLP, 25 Farringdon Street, London, EC4A 4AB

Bankers

Barclays Bank, 1 Churchill Place, Leicester LE87

2BB Unity Trust Bank, Nine Brindley Place,

Birmingham B1 2HB

CCLA Investment Management, Senator House, 85 Queen Victoria St, London EC4V

4ET Charity Bank, Fosse House 182 High Street, Tonbridge TN9 1BE

Lawyers

Weil, Gotshal & Manges (London) LLP, 110 Fetter Lane, London EC4A 1AY United Kingdom

**SOCIAL INVESTMENT BUSINESS FOUNDATION
REPORT OF THE BOARD OF TRUSTEES (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2024**

The Board of Trustees of Social Investment Business Foundation (SIBF) present their report together with the audited financial statements for the Group for the year ended 31 March 2024, in accordance with the Company's governing documents. These statements have been prepared under *the Accounting and Reporting by Charities: Statement of Recommended Practice, 2019 (Charities SORP) 2nd Edition*, and with the Companies Act 2006. The Trustees are also Directors of SIBF for the purposes of company law.

1 Objectives and Activities

The objects of the Charity are to promote for the public benefit all purposes as are recognised as charitable under the laws of England and Wales including but not limited to:

- supporting community organisations in areas of social need that are charities and the charitable activities of other community organisations, including provision of advice, support and assistance and/or
- the making and the promotion of social investments by means of loans, grants, guarantees, equity, near equity or other financial interventions or assistance to charities or for charitable purposes, including but not limited to supporting community organisations operating in areas of social need and/or
- promoting the efficient and effective application of charitable resources by those charities and for charitable purposes by the provision of financial advice, support and related assistance to charities and for charitable projects in relation to such loans, grants, guarantees, equity, near equity or other financial interventions and social investments

SIBF is committed to using finance to create a more equal society. We do this through supporting the social economy, making it more resilient, more diverse and more fairly distributed. We do this through the direct provision of grants, loans and support, and also by using our partnerships, data and position to influence policymakers and our peers.

All our activities are underpinned by our commitment to operational excellence in all we do. Our five core values inform how we work:

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

In terms of **group structure**, SIBF continues to manage the Communitybuilders Fund which invested in community-based social enterprises. SIBF is the parent company of Social Investment Business Limited (SIB Limited), 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.

SIBF is also the parent company and sole shareholder of Social Investment Business FM Ltd (SIB FM), a company limited by shares established with the sole purpose of making investments to charities and social enterprises during Covid – through the Resilience & Recovery Loan Fund.

SIBF has invested £3.5m in Social Investment Business Loans Ltd (SIB Loans), a wholly owned subsidiary established to manage the Recovery Loan Fund (RLF); SIB Loans is also a company limited by shares, with SIB Foundation as its sole shareholder.

SIBF also invested £3m in Thrive Together (SIB) Ltd (TT), a new wholly owned subsidiary established to manage the £3.6m of grant monies from Access and £3.6m of co-investment of SIB Foundation capital as equity in the fund. It offers investments of up to

**SOCIAL INVESTMENT BUSINESS FOUNDATION
REPORT OF THE BOARD OF TRUSTEES (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2024**

£150k consisting of 75% loan and 25% grant. TT is also a company limited by shares, with SIB Foundation as its sole shareholder.

Collectively this group of companies is referred to as Social Investment Business (SIB).

SIBF continues to be a shareholder and investor in Social and Sustainable Capital LLP (0C378569) (SASC) and its funds; during the year, the SIB investment in the Community Investment Fund (CIF) was largely recovered, and SIBF's remaining share in the LLP is 10.56% (before restructure).

2 The Group's specific strategic priorities were renewed in June 2022 as follows:

The Board approved the renewal of the strategy in June 2022 which includes a focus on tackling inequality as the golden thread through all of SIB's work.

Our vision is of an equal society that operates fairly, in which people can participate freely and fully, and our mission remains to build a more resilient, diverse and distributed social economy that contributes to a more equal society.

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

Four key strategic outcome areas working towards achieving our mission are:

- **Reach** – we focus on funding a more widely distributed social economy with more diverse leadership.
- **Resilience** – we focus on the social economy's financial resilience and also its adaptation to Net Zero.
- **Credibility** – we focus on publishing open data and working with partners to promote a credible social economy, through evidence and collaboration
- **Influence** – we focus on expanding appropriate funding from public, private and philanthropic sources of capital for charities and social enterprises

This work is underpinned by a commitment to operational excellence:

- **Customer** accessibility, efficiency and responsiveness to needs
- **Quality** assured operational systems and processes that are sector-leading
- **Financial** resources being used effectively and efficiently for maximum impact
- **People** are trained, talented, diverse and motivated, living our values

The most significant achievement in this financial year remains ongoing successful delivery of Phase 2 of the Youth Investment Fund (YIF) for the Department of Culture, Media and Sport (DCMS). YIF is almost a £300m fund to build, extend and renovate youth facilities and services through capital and revenue funding until March 2025. SIB leads a delivery partnership which also includes Key Fund, the National Youth Agency & Resonance.

The objectives of the YIF are to:

- Increase the number of regular positive activities undertaken by young people in the targeted areas by 45,000 per year, by 2026/27.
- Provide up to 300 new and redeveloped facilities delivering positive activities to young people, funded through self-reliant funding models.
- Improve the environmental sustainability of the youth sector estate in target areas through energy efficiencies and/or low carbon heating.
- Reduce the environmental impact of construction activities across the programme, by funding facilities with the lowest reasonable carbon footprint across their lifetime.
- Reduce build and ongoing running costs, by supporting new or redeveloped youth facilities that demonstrate 20% reduced annual running costs by 2025/26, compared to ageing youth facilities.

YIF opened to applications at the start of August 2022, and the first grants were approved at the end of October 2022. Achievements to date include:

- Assessment of more than 1000 applications, totalling well over £1bn.
- Commitment of £259m of capital funding, bringing 259 new and renovated sites to children and young people
- Supporting an estimated additional 50k+ positive activities for young people.
- Commencement of 142 projects on site, with another 70+ set to start on site in the next financial year.
- Disbursement of just under £45m by March 2024.
- Establishing a Central Support Offer to support the organisational resilience and development of grantees, and to further support high quality youth service delivery

Outside of the Youth Investment Fund SIB advanced c.£12m to over 400 organisations with notable achievements including:

- **Recovery Loan Fund (with Flexible Finance):** The Recovery Loan Fund (RLF) is for charities and social enterprises based in England, Wales and Scotland who are working to improve people's lives, or the environment they live in. It does this by offering loans of between £100,000 and £1.5m. The fund is supported by the Government's Recovery Loan Guarantee Scheme. A total of £4m loans was disbursed to 23 organisations. This included working with our partners The Ubele Initiative and Create Equity, to provide Flexible Finance grants (alongside loans) to Black and Minoritised Ethnicity-led organisations. Grants were also provided alongside loans to organisations supporting people hardest hit by the cost-of-living crisis. Fundraising has progressed with a successful second fundraise, closing the funding round in December with an additional £6.5m of external loan commitments from both new and existing investors.
- **Flexible Finance:** We have now committed c. £1.6m of the £1.95m available grant capital (alongside £1.7m of loan capital) and plan to undertake a review with partners and funders of the programme, explore additional funding, as well as consider learning from this into the SIB 2025 to 2028 strategic planning. At a high level, this programme has been extremely successful:
 - Increased proportion of black and minoritised ethnicity led organisations funded by RLF to 31% vs just 4% for RRLF
 - None of them have previously received repayable investment >£25k
 - Reached the targeted mid-sized organisations with average turnover of c. £600k with material levels of investment provided, averaging at £217k per organisation across 15 organisations (ranges from £30k to £460k)
- **Enterprise Development Programme:** The Enterprise Development Programme (EDP) is a grant and learning support programme for organisations that are looking to become more enterprising and generate more income from trading. The programme is delivered in partnership with Youth, Homelessness, Mental Health, Equality, Environment and Black, Asian, and Minoritised Ethnic sector partners. A total of £8.2m grants were awarded to 325 organisations in total. The programme closed in April 2024, and an evaluation will report in 2024/25 on learnings and outcomes, including progression of organisations on to social investment.
- **Reach Fund:** The Reach Fund is a grant programme that helps charities and social enterprises raise investment. The Reach Fund has worked with a wide range of investors (>30) who recommend organisations to the fund. A total of £1.4m grants were awarded to 121 organisations. Applications are increasing due to a number of social investors recently launching new funds. There continues to be a strong focus on supporting diverse-led organisations and those in IMD 1- 3 or rural areas, which are the priorities for Reach Fund. The vast majority of social investment sought remains unsecured loans with the next most popular secured loans. Access intends for the Reach Fund to continue post September 2024.

- **Portfolio management:** SIB continues to manage a number of legacy loan portfolios, supporting these customers over the long term. Notably, this includes Communitybuilders, Futurebuilders, Social Enterprise Investment Fund, and the Resilience and Recovery Loan Fund. At the financial year end there were a total of 171 loans with a total of £34.2m under management (including funds that are still open to new applications).
- **Resilient Communities Fund:** Working with Power to Change, the purpose of the grants was to provide support to help organisations navigate the cost of living and energy crisis, build their resilience, and strengthen local communities in the shift to a fairer, greener future. A total of £1.35m was provided to 137 community businesses.
- **Cost of Living Funds:** This was an invite only fund targeted at organisations who have completed their time on the Enterprise Development programme, aimed at supporting enterprise activities that meet the needs of those most impacted by the cost-of-living crisis. There is also grant funding being provided alongside loans from the Recovery Loan Fund to organisations supporting people that have been impacted the most by the Cost of Living crisis
- **Thrive Together Fund.** Since its launch in July 2023 in partnership with Architectural Heritage Fund, Groundwork UK, Fredericks Foundation, Homeless Link and Co-operative and Community Finance, we have deployed c.£3.0m of blended loan/grants to 26 organisations, which is significantly ahead of expectations, and we are already undertaking a review of the fund to look at how we can further improve its effectiveness and impact in the future
- **Groundwork UK VCSE Energy Efficiency Scheme** – Work has started with Groundwork UK on the £25m DCMS funded VCSE Energy Efficiency scheme where they are the lead partner. Assessor training has been completed and we have started doing retrofit grant assessments. This will provide valuable insight and learning ahead of SIB launching the blended Energy Resilience Fund next financial year.
- **Sector Partnerships:** Social Investment Business co-ordinates, hosts and is a member of several sector partnerships:
 - o **Social Investment Forum (SIF)** – Secretariat for the national forum for social investment finance intermediaries.
 - o **Equality Impact Investing Project (EIIP)** - Founding partner and current host of a ground-breaking initiative that exists to ensure that social impact investing is more fully harnessed to advance Sustainable Development Goal 10 – reducing inequality – in the UK and beyond.
 - o **Diversity Forum** - Current host and co-ordinator of a collective on a mission to drive inclusive social investment in the UK, ensuring social investors are more representative of, and more accountable to, the communities they seek to serve.

3 Future Developments

In addition to the organisation's existing social investment and grant making track record, the Youth Investment Fund continues to create significant opportunities for SIB to build its profile, its capacity and infrastructure, and its ability to make a bigger difference through its work. It is therefore a central part of the future development to ensure that YIF is a springboard for the 2025-2028 strategy.

One part of catalysing that work is through the £10m Strategic Designated Reserve, which the board approved in early 2022 to be investment for impact in line with the current 2022-2025 strategy. To date, £5m has been committed to support partners, to build internal capability, and to establish new investment funds:

**SOCIAL INVESTMENT BUSINESS FOUNDATION
REPORT OF THE BOARD OF TRUSTEES (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2024**

- Create Equity £333k
- SIB Data & Evaluation £554k
- Enterprising Growth for Communities (Thrive) £3m
- Energy Resilience Fund £500k
- Heat Networks – Feasibility Work £600k

Each of these has where possible been matched by other external funders and investors, providing leverage and match of almost £20m to date. Notable amongst these is the blended Energy Resilience Fund, with £15m of funding secured for a launch in Autumn 2024.

4 Main Strategic Risks

SIB maintains a risk register which identifies the 6 key strategic risks facing the organisation. This register is a live working document and is discussed and reviewed monthly 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 together with actions that can be or are being taken in mitigation is analysed according to its perceived potential impact, likelihood of occurrence together with actions taken in mitigation. The risk register contains six of the following main areas of concern, as follows, with associated mitigations:

- **Resource efficiency** - Using our charitable resources efficiently in an effective way in relation to control pricing, minimise costs, increase profitability and maintain a healthy Balance Sheet position. Balance sheet net assets is also one of our KPI's and has remained consistently healthy.
- **People** - Having a highly motivated and skilled team of people collaborating across a remotely based organisation – supported by an updated people strategy, and revised internal communications and collaboration to embed a permanent flexible working model that helps achieve operational excellence. This is monitored and managed through our annual employee engagement survey, exit interviews, retention rates and through continuous line management conversations. YIF has meant quite rapid growth in the team, so this has been even more crucial in the past year.
- **IT & business systems infrastructure** - Having a clear strategic systems plan including migration to full cloud-based integrated solutions with multi-factor authentication and roll-out of cyber- security, fraud and anti-money laundering training to all staff. A focus on cybersecurity continues, with external advice being sought – shortly after this financial year, SIB was issued a new Cyber Essentials certificate. This risk is further mitigated by ownership at senior level plus we get regular Cyber Risk Assessment reports from our insurers.
- **Impact** - Having a clear approach to impact and embedding it in our activity – This is mitigated by a framework, senior oversight, internal work with teams and Committees to understand impact within the decision-making process, using common formatting, questions and metrics for all applications as well as adopting a renewed culture of continuous professional development.
- **Reputation (YIF)** - Ensuring delivery on contracts and managing partners expectations. Mitigating any potential negative publicity either directly or by association which may have an impact on our reputation. Given the scale and breadth of the YIF Fund, this is monitored and managed closely by the senior team and board; this includes working closely with DCMS colleagues, with PwC as internal auditor and with Ipsos, the external evaluator, as well as our direct delivery partners. We are in the third and final year of delivery.
- **Customer** - Ensuring we properly engage with our customer base and incorporate customer insight into service planning, design and delivery limits. Enhancing our ability to meet customer needs, to innovate and improve, and to be an inclusive social investor. To ensure this risk is mitigated, SIB monitors response rates to customer cases, complaints and direct feedback – as well as undertaking regular customer visits across all teams and the Board.

Additionally, the Board and senior team do pro-actively monitor the external environment closely for any specific risks either directly for SIB or the organisations it supports.

**SOCIAL INVESTMENT BUSINESS FOUNDATION
REPORT OF THE BOARD OF TRUSTEES (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2024**

Trustees 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.

5 Going Concern

The Trustees have reviewed the forecasts for each company in the group, covering a period of 12 months from the date of signing these financial statements. The Trustees have also considered the overall group position and consider it reasonable that the parent Charity (SIBF) would underwrite any losses in its trading subsidiary, The Social Investment Business Limited and would consider provision of financial support, if required, for the foreseeable future to its subsidiaries based on this forecast period.

Where SIB's own funds are directly invested, SIB has continued to retain a cautious provisioning position to ensure any future risk is mitigated and continues to monitor performance at quarterly investment committee meetings.

The entities within the group, are anticipated to have sufficient cash resources for at least 12 months following the date of signing these financial statements. As a result, the Trustees have not identified any material uncertainties and therefore consider it appropriate for the accounts to be prepared on a going concern basis.

Strategic Report

6 This year's performance

The Statement of Financial Activities (SOFA) shows that the Group's unrestricted reserves decreased by £962k (2023: increased by £2.7m). Restricted reserves increased by £216k inclusive of £844k recycled funds repaid to DCMS as part of the annual review (2023: decreased by £8.6m, £7m returned to DCMS).

Unrestricted income, including transfers from restricted funds, increased by £5.8m to £11.1m (2023: £5.3m). Unrestricted expenditure increased by £4.8m to £11.1m (2023: £6.3m), due to increased activity in the year. For full detail of this year's performance by the subsidiaries see Note 26 to the Group Accounts.

7 Reserves Policy

The Trustees have ultimate responsibility for ensuring SIBF has an effective Group Reserves Policy. The reserve policy is established to ensure that each company has adequate reserves and/or retained profits to meet the current and future needs of the business, whilst taking into consideration the requirements of the individual subsidiaries and ensuring they comply with the Charities SORP (where applicable) and the Companies Act 2006. The policy is reviewed each year.

The policy is to balance the goal of sustainability with the aim of being efficient as a not-for-profit organisation. Decisions on the appropriate, sustainable levels of reserves will be informed by a combination of short-term working capital requirements, projected levels of operating costs, estimates of contract exit costs and availability of funds for new business development. The reserves are to be held in cash or cash equivalent securities.

SIBF's reserves policy stipulates that the cash and reserves position is to be sufficient to cover a minimum of 6 months operating costs and to enable SIBF to develop new initiatives in support of its charitable objects. With 6 months operating costs estimated at £2.1m excluding any direct cost for the Youth Investment Funds (YIF) which would be recovered directly from Department for Digital, Culture, Media & Sport (DCMS), the Trustees have agreed a minimum reserves level of £2.0m to £2.5m. At the end of the year, the Group's free unrestricted reserves stood at £22.5m.

8 Treasury Management Policy

SIBF and the Group as a whole, operate a Treasury Management Policy, based on four key criteria of Security, Business Needs, Ethical and Returns. Applying these criteria means that investments are protected, access is facilitated, funds are used to support

**SOCIAL INVESTMENT BUSINESS FOUNDATION
REPORT OF THE BOARD OF TRUSTEES (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2024**

social or environmental benefit, and SIB builds relationships in the sector and influences banking attitudes to social enterprise.

SIBF has several bank accounts across which funds are deposited to spread risk, our policy limits a maximum of £10m in any individual bank which must ideally have a positive view to ethical investment and have a green/amber rating on the Ethical Company Index (scoring over 35%) or should have adopted the Equator Principles and be listed on the current Equator Principles Financial Institutions (EPFIs) in line with our key principle of security for our assets. These limits are regularly reviewed, having been reviewed and agreed by the Audit and Finance Committee in 2023/24.

SIBF seeks wherever possible to invest its money ethically and responsibly, and in line with its wider mission; whilst ensuring operational functionality. This currently includes £10m invested with Cazenove on their Responsible Managed Asset Fund (RMAF) being a charity Sustainable Multi-Asset Fund, from August 2023.

We continue to hold assets on behalf of funds that are not our own. We therefore have significant amounts of money held in cash, because this money can be called upon to be disbursed or returned to its owners at short notice.

9 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 SIBL is a private company limited by guarantee and a subsidiary of SIB Foundation.

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

SIBFM, SIB Loans and Thrive Together are private companies limited by shares, with SIBF as the sole shareholder.

(b) Governance and Decision Making

The governance structures and decision-making processes for all the companies in the Group are laid out in the relevant articles of association. In this financial year all the recommendations were enacted following the previous year's NCVO governance review in line with the Charity Governance Code this included setting up an internal Governance Working Group as well as a Governance Committee.

SIBF is governed by the members of the Board of Trustees. During the year the following Board Subcommittee Structure were in place:

- SIBF Investment Committee (quarterly)
- Group Audit & Finance Committee (quarterly)
- Group People & Governance Committee includes Remuneration (bi-annually)

SIB Limited has a Board comprising seven Non-Executive Directors, these govern SIBL and retain governance rights and a supervisory role over FBE. FBE's Board of Directors is the Executive Senior Management Team of SIBL.

For the Group we also ensure that governance and decision-making processes are in line with and enable us to meet contractual obligations set out in all agreements with external parties.

The Directors delegated the day-to-day management of the Group to the Executive team. The Executive team throughout the year were:

➤ Nicolas Temple	Chief Executive
➤ Genevieve Maitland Hudson	Deputy CEO
➤ Nishit Chikhli	Director of Finance
➤ Robert Benfield	Director of Investments
➤ Shelby Jane Bradley	Director of People & Values

**SOCIAL INVESTMENT BUSINESS FOUNDATION
REPORT OF THE BOARD OF TRUSTEES (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2024**

Details of the Trustees who served during the year and to the date of signing the financial statements

are shown on page 2 of this report. Seven Trustees were also Directors of SIBL during the year. To the end of this financial year also marked some significant changes in the SIB Foundation's governance, as Hazel Blears stepped down as Chair after two full terms, along with colleagues Jenny North and James Rice. Their substantial contribution to the success of SIB in recent years is fully acknowledged and recognised.

SIB also welcomed Sonali Siriwardena as its new Chair (stepping up from Vice Chair), along with new board appointments in Christopher Barnard, Magdalene Bayim-Adomako, Debjani Ghosh and Louisa Mitchell - all of whom bring a diverse range of expertise, experience and insight to further strengthen the organisation's governance in the years ahead.

Each member agrees to contribute £1 in the event of the charity winding up. The remaining Founder Member, Locality, has the right to nominate a representative to sit on the Board of Trustees.

The Trustees are committed to ensuring that the Boards have the combination of skills necessary to support the effective provision of finance to charities and community enterprises. We will ensure that our Board of Trustees includes skills and expertise in the following areas: banking and investment, community regeneration and social enterprise, business, commercial law and financial and risk management.

(c) Public Benefit Statement

The Trustees have considered the Charity Commission's general guidance on public benefit when reviewing our aims and objectives and in planning our future activities. We are mindful of the need to ensure that all funds and activities will deliver public benefit and help us to meet our aims and objectives and are also taking account of Charity Commission guidance around non-charitable organisations.

The Trustees have a duty to include in this Annual Report a statement on the Charity's public benefit and demonstrate that:

- They are clear about what benefits are generated by the activities of the Charity.
- The benefits and beneficiaries are related and appropriate to the Charity's objects and aims.

We have set out under 'Objectives and Activities' above how we deliver public benefit against our charitable objectives.

(d) Fundraising statement

Section 162a of the Charities Act 2011 requires charities to make a statement regarding fundraising activities. Although we do not undertake widespread fundraising from the general public, the legislation defines fund raising as "soliciting or otherwise procuring money or other property for charitable purposes." Such amounts receivable are presented in our accounts as "voluntary income" and includes legacies and grants.

In relation to the above we confirm that all solicitations are managed internally, without involvement of commercial participators or professional fundraisers, or third parties. The day-to-day management of all income generation is delegated to the Executive team accountable to the Trustees.

SIBF is not bound by any undertaking to be bound by any regulatory scheme and the SIBF does not consider it necessary to comply with any voluntary code of practice.

We have received no complaints in relation to fundraising activities. Our terms of employment always require staff to behave reasonably; as we do not approach individuals for funds, we have not specified this to fundraising activities nor do we consider it necessary to design specific procedures to monitor such activities.

(e) Related parties

Related party transactions are referred to in detail in Note 25 to the financial statements.

(f) Disclosure of Information to Auditor

In so far as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware
- the Trustees 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 Trustees report, incorporating the Strategic Report was approved by the Trustees of SIB Foundation on 2nd October 2024 and signed on their behalf.



Sonali Siriwardena

Chair

Date: 2nd October 2024



Jagjit Dosanjh-Elton

Trustee

Date: 2nd October 2024

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees (who are also directors of SIBF for the purposes of company law) 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 Trustees to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Trustees 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 Group and Charity and of the incoming resources and application of resources, including the income and expenditure, of the Group for that period.

In preparing these financial statements, the Trustees 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 Charity will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Charity's transactions and disclose with reasonable accuracy at any time the financial position of the Charity 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 Charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees 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.

Opinion

We have audited the financial statements of Social Investment Business Foundation (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 March 2024 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Company Balance Sheets, the Consolidated Cash Flow Statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 March 2024 and of the group's incoming resources and application of resources, including its income and expenditure, 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 group and parent charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' 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 group's or parent charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Report, which includes the Directors' Report and the Strategic Report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report and Strategic Report included within the Trustees' 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 group and the parent charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report and Strategic Report included within the Trustees' Report.

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

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

Responsibilities of trustees

As explained more fully in the Statement of Trustees' responsibilities set out on page 12, the trustees (who are also the directors of the charitable company for the purposes of company law) 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 trustees 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 trustees are responsible for assessing the group's and parent charitable 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 trustees either intend to liquidate the group or parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

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

In relation to fraud, the objectives of our audit are to identify and assess the risk of material

**INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF SOCIAL INVESTMENT BUSINESS FOUNDATION
FOR THE YEAR ENDED 31 MARCH 2024**

misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

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

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

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

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, Charities SORP (FRS 102), Companies Act 2006, Charities Act 2011, the parent charitable company's governing document, tax legislation and Charities (Protection and Social Investment) Act 2016. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing the financial statements including the Trustees' Report, remaining alert to new or unusual transactions which may not be in accordance with the governing documents, inspecting correspondence with local tax authorities and evaluating advice received from external advisors.

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

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

Use of our report

This report is made solely to the charitable 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 charitable 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

NICHOLAS SLADDEN (Senior Statutory Auditor)
For and on behalf of RSM UK AUDIT LLP, Statutory Auditor
Chartered Accountants
25 Farringdon Street
London
EC4A 4AB

Date:.....

SOCIAL INVESTMENT BUSINESS FOUNDATION
**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (incorporating income and expenditure
FOR THE YEAR ENDED 31 MARCH 2024)**

	Notes	Unrestricted Funds 2024 £'000		Group 2024 £'000	Group 2023 £'000
Income from:					
Donations	2	468	-	468	181
Charitable activities:					
Investment income	3	696	1,509	2,205	1,604
Fund management income	4	7,547	124	7,671	4,803
Grant income	4	1,994	56,684	58,678	15,565
Other income	5	350	177	527	398
Total income		<u>11,055</u>	<u>58,494</u>	<u>69,549</u>	<u>22,551</u>
Expenditure on:					
Charitable activities:					
Fund management costs	6	(10,190)	(574)	(10,764)	(7,131)
Fund costs - grants awarded	8	(936)	(56,742)	(57,678)	(15,612)
Repayments to DCMS	8	-			
			<u>(844)</u>	<u>(844)</u>	<u>(7,000)</u>
Total expenditure		<u>(11,126)</u>	<u>(58,160)</u>	<u>(69,286)</u>	<u>(29,743)</u>
Net movement on investments					
Investment provision decrease	8	102	7	109	1,417
Net (loss)/gain on investments		<u>(988)</u>	<u>-</u>	<u>(988)</u>	<u>101</u>
		<u>(886)</u>	<u>7</u>	<u>(879)</u>	<u>1,518</u>
Net income/(expenditure)		<u>(957)</u>	<u>341</u>	<u>(616)</u>	<u>(5,674)</u>
Transfers between funds	22	<u>125</u>	<u>(125)</u>	<u>-</u>	<u>-</u>
Net income/(expenditure) before tax	9	<u>(832)</u>	<u>216</u>	<u>(616)</u>	<u>(5,674)</u>
Corporation tax charge	11	<u>(130)</u>	<u>-</u>	<u>(130)</u>	<u>(244)</u>
Net movement in funds		<u>(962)</u>	<u>216</u>	<u>(746)</u>	<u>(5,918)</u>
Reconciliation of funds					
Funds brought forward at 1 April		<u>23,485</u>	<u>19,619</u>	<u>43,104</u>	<u>49,022</u>

The notes on page 19 to 44 form part of these financial statements.

		Group		Foundation	
		2024	2023	2024	2023
	Notes	£'000	£'000	£'000	£'000
Fixed assets					
Intangible fixed assets	12	11	20	-	-
Tangible fixed assets	13	-	-	-	-
Mixed motive investments - loans to investees	14	27,078	26,771	2,860	3,628
Mixed motive investments - other investments	15	2,446	2,556	2,446	2,556
Investments - loan to subsidiary		-	-	-	16
Investment in subsidiary	28	-	-	6,500	3,000
Investments	16	10,443	9,914	10,443	9,914
		<u>39,978</u>	<u>39,261</u>	<u>22,249</u>	<u>19,114</u>
Current assets					
Debtors	17	2,098	2,399	1,899	1,237
Short term deposits		3,888	7,243	3,888	7,243
Cash at bank and in hand		11,566	8,661	2,151	2,705
		<u>17,552</u>	<u>18,303</u>	<u>7,938</u>	<u>11,185</u>
Current liabilities					
Creditors: amounts falling due within one year	18	(3,151)	(3,007)	(280)	(135)
		<u>(3,151)</u>	<u>(3,007)</u>	<u>(280)</u>	<u>(135)</u>
Net current assets		<u>14,401</u>	<u>15,296</u>	<u>7,658</u>	<u>11,050</u>
Total assets less current liabilities		<u>54,379</u>	<u>54,557</u>	<u>29,907</u>	<u>30,164</u>
Creditors: amounts falling due after more than one year					
Amounts owed to fund co-investors	20	(12,021)	(11,453)	-	-
Net assets		<u>42,358</u>	<u>43,104</u>	<u>29,907</u>	<u>30,164</u>
Funds					
Unrestricted funds	22	22,523	23,485	21,978	22,748
Restricted funds	22	19,835	19,619	7,929	7,416
Total funds	22	<u>42,358</u>	<u>43,104</u>	<u>29,907</u>	<u>30,164</u>

The notes on pages 19 to 44 form part of these financial statements.

SIBF has taken advantage of the exemption in section 408 of the Companies Act 2006 not to present its own Statement of Financial Activities. The net movement in funds for the year generated by the Foundation was a deficit of £257k based on a net income of £118k (2023: deficit of £224k).

These financial statements were approved by the Board of Directors on 2 October 2024 and were signed on its behalf by:



Sonali Siriwardena
Chair



Jagjit Dosanjh-Elton
Trustee

**SOCIAL INVESTMENT BUSINESS FOUNDATION
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2024**

	Notes	2024 £'000	2023 £'000
Operating activities			
Cash used in operating activities	23	(1,183)	(9,100)
Income taxes paid		(244)	(35)
Net cash used in operating activities		(1,427)	(9,135)
Cash flows from investing activities			
Investment in mixed motive investment		(217)	(794)
Co-investor drawdown		4,300	2,700
Repayments of borrowings		(4,811)	(12,147)
Purchase of investments		-	(10,000)
Purchase of intangible fixed assets		-	(27)
Investment income		2,205	1,604
Payments for financial investments		(7,231)	(5,063)
Repayments from mixed motive investments		6,731	11,280
Net cash generated by/(used in) investing activities		977	(12,447)
Net (decrease) in cash and cash equivalents		(450)	(21,582)
Cash and cash equivalents at the beginning of the year		15,904	37,486
Cash and cash equivalents at the end of the year		15,454	15,904
Analysis of cash and cash equivalents			
		2024 £'000	2023 £'000
Cash at bank and in hand		11,566	8,661
Short term deposits		3,888	7,243
		15,454	15,904

The notes on page 19 to 44 form part of these financial statements.

1 Significant accounting policies

(a) Reporting entity

Social Investment Business Foundation (SIBF) is a private company limited by guarantee (company number 05777484) and a registered charity (charity number 1117185), registered and domiciled in England and Wales. The principal activities of the Group are documented in the Trustees' Report. The registered office address of SIBF and its subsidiaries is Canopi, 7-14 Great Dover Street, London SE1 4YR.

The Group consists of the ultimate parent SIBF (the Foundation) and its subsidiaries: The Social Investment Business Limited (SIBL - 100% owned), Futurebuilders England Limited (FBE - 100% owned), Social Investment Business FM Ltd (SIBFM - 100% owned), Thrive Together (SIB) Limited (100% owned) and Social Investments Business Loans Limited (SIB Loans - 100% owned). All subsidiaries are included in the consolidated financial statements of SIBF. Both SIBL and FBE have traded under the name of the Social Investment Business since 28 July 2009.

The Group is authorised for the Communitybuilders Fund, Futurebuilders Fund, Modernisation Fund, and the Resilience and Recovery Loan Fund, as the fund manager, to act as the principal, therefore all transactions relating to these funds are recorded in the Statement of Financial Activities and the Balance Sheet. The Group acts as principal for the Access Reach and Access Impact Grants.

The Group is authorised by the Social Enterprise Investment Fund (SEIF), as the fund manager, to act as the agent, therefore transactions relating to this fund are not part of the financial statements of the Group. Income received for managing the fund and the cost associated with managing the fund are recorded in the financial statements.

(b) Basis of preparation

These financial statements for the Group are prepared on the going concern basis, under the historical cost convention, and in accordance with the Charities Act 2011, Companies Act 2006, and applicable accounting standards in the United Kingdom. These financial statements have also been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019).

The Foundation constitutes a public benefit entity as defined by FRS 102. The financial statements are prepared in sterling, both the functional and presentational currency of the Group. Financial values are rounded to the nearest £'000..

The Foundation has chosen to take advantage of the exemption from disclosing the following information in its company only accounts, as permitted by the reduced disclosure regime within FRS 102:-

- Section 7 'Statement of Cash Flows' – *Presentation of a Statement of Cash Flows and related notes and disclosures.*

The financial statements of the Foundation are consolidated in the financial statements of SIBF. The consolidated financial statements of SIBF are available from Canopi, 7-14 Great Dover Street, London SE1 4YR.

(c) Going concern

The Trustees have reviewed the forecasts for each company in the group, covering a period of 12 months from the date of signing these financial statements with concentration on the overall group position as the parent Charity (SIBF) would underwrite any losses in its subsidiaries.

Where SIB's own funds are directly invested, SIB has continued to retain a cautious provisioning position to ensure any future risk is mitigated and continues to monitor performance at quarterly investment committee meetings.

1 Significant accounting policies

The entities within the group are anticipated to have sufficient cash resources for at least 12 months following the date of signing these financial statements. As a result, the Trustees have not identified any material uncertainties and therefore consider it appropriate for the accounts to be prepared on a Going Concern.

1 Significant accounting policies

(d) Basis of consolidation

The financial statements consolidate the results of the Foundation and its subsidiary undertakings on a line-by-line basis. The entities consolidated are those listed in the Note 26. All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. SIBF has taken advantage of the exemption in section 408 of the Companies Act 2006 not to present its own Statement of Financial Activities.

(e) Fund accounting

Restricted funds

Restricted funds are to be used for specific purposes either laid down by the funder or specified in each agreement for the benefit of identified beneficiaries. Expenditure incurred by the Foundation for these purposes is charged to the fund, together with a fair allocation of overheads, support costs and interest income.

Unrestricted funds

Unrestricted funds are available for use against operating costs in delivery of specific funds as stated in the service agreements in place and within the overall price therein, but at the Trustees' discretion in how delivery is achieved within that price. Where contracts might place restrictions on any gains, any cost savings are repayable to the appropriate funder on a basis specified in the contract. Fees payable to the Group for the management of restricted funds are unrestricted and are transferred from restricted to unrestricted funds.

Unrestricted funds include designated funds where the Trustees, at their discretion, have created a fund for a specific purpose. Further details of each fund are disclosed in Note 22.

(f) Investment in subsidiaries

In the separate accounts of the Foundation, interests in subsidiaries and associates are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. Interest in subsidiaries and associates are assessed for impairment at each reporting date. Any impairment losses or reversals of impairment losses are recognised immediately in the Statement of Financial Activities.

(g) Investment in associate – Social and Sustainable Capital LLP (SASC)

SIBF continues to be a shareholder and investor in Social and Sustainable Capital LLP (0C378569) and its funds. During the year, the SIB investment in the Community Investment Fund (CIF) was largely recovered, and SIBF's remaining share in the LLP is 10.56% (before restructure).

Further details of this transaction can be seen in note 15.

1 Significant accounting policies (continued)

(h) Income

All income is included in the Statement of Financial Activities when the Group is legally entitled, receipt is probable and the amount can be measured reliably, and performance related conditions are fulfilled.

Investment income, including associated tax, relating to both unrestricted and restricted funds, is recognised when receivable.

Fund management fee income is recognised when the Group is entitled to the income based on the fund management contract. 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.

In some circumstances, the Group acts as agent with regard to the distribution certain funds, payments received in relation to these funds and subsequent disbursements to the intended recipients are excluded from the Statement of Financial Activities as the Group does not have control over the charitable application of the funds. Funds received but not disbursed at the year end are included in other creditors on the Balance Sheet. Details of these are disclosed within Note 28.

Grant income, where the Group operates as principal, are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance Sheet. Where income is received in advance of meeting any performance- related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

Pro bono activities

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

(i) Expenditure

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party and on an accruals basis in the period in which they are incurred. Expenditure includes attributable VAT when this cannot be recovered.

Costs incurred on charitable activities comprise all the expenditure incurred by the Group in undertaking its charitable objectives. Expenditure is allocated between:

- expenditure incurred directly to the fulfilment of the Foundation's objectives
- expenditure on the governance infrastructure which allows the Foundation to operate and to generate the information required for public accountability.

Items of indirect expenditure are apportioned on an appropriate basis as follows:

- Within governance costs, staff time is attributed on an analysis of time spent on the various activities.
- Fund management costs are allocated as incurred and according to time spent.
- Premises and operational costs are allocated pro rata to staff time.

Governance costs are costs incurred in connection with meetings of the Board of Trustees and Committees of the Group, fees paid to the statutory auditor, internal auditor and legal fees where they are not for services provided in relation to fund management activities. The expenditure

classed as governance costs has been detailed in Note 7, and these costs have been allocated over fund management costs on the basis of staff time spent on these activities.

1 Significant accounting policies (continued)

(i) Expenditure (continued)

Support costs are functions that assist the work of the Foundation but do not directly undertake charitable activities. Support costs include back office costs, finance and human resources. The basis on which support costs have been allocated are set out in Note 7.

Funds to be returned for recycling are recognised only when their return is formally notified, or requested, by the funder.

Grant expenditure is recognised at the point where the Group has a legal or constructive obligation to make a payment, the grant has been approved and communicated to the recipient. Loan offers communicated are recognised as a financial investment in the Balance Sheet only once a disbursement has been made to the investees.

(j) Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets. The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

(k) Defined contribution pension schemes

The Group operates a defined contribution pension scheme. Contributions to the pension scheme are recognised as an expense in the Statement of Financial Activities as incurred. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

(l) Operating leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight-line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(m) 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 corporation tax payable based on the taxable profit for the current year, plus any adjustments to income tax payable in respect of prior years.

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.

The Group's subsidiaries are liable for corporation tax on their operating profits, to the extent not gift-aided to the holding charity.

(n) Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Website and software licenses	3-5 years (20% - 33% per annum)

1 Significant accounting policies

(o) 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 consolidated Statement of Financial Activities 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:

Office equipment & IT	3-5 years (20% - 33% per annum)

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

(p) Financial investments

Financial investment loans, equivalent to mixed motive investments, are recognised at the point of the disbursement under the conditions set out in the loan. Financial investment loans are subsequently carried at amortised cost, being transaction price less any amounts settled and any impairment losses as assessed.

Trade investments are equity investments over which the Group has no significant influence, joint control or control and are initially measured at transaction price. Transaction price includes transaction costs, except where trade investments are measured at fair value through profit or loss when transaction costs are expensed to profit or loss as incurred.

Trade investments are initially recognised at their transaction value and subsequently measured at their fair value through profit or loss as at the balance sheet date using the closing quoted market price.

(q) Financial instruments

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

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

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

Basic financial assets

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

Derecognition of financial assets and liabilities

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some (but not substantially all) risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

1 Significant accounting policies

A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

1 Significant accounting policies

(q) Financial instruments (continued)

Classification of financial liabilities

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

Basic financial liabilities

Basic financial liabilities, which include trade and other creditors and accruals, are initially recognised at transaction price and subsequently measured at amortised cost, being transaction price less any amounts settled. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Concessionary loans

Concessionary loans are initially measured at the amount paid. In subsequent years, the carrying amount of concessionary loans is adjusted to reflect any interest receivable, where relevant."

(r) Provisions

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense and is included in "finance costs".

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

The Group makes specific provisions for impairment against loans when, as a result of frequent monitoring and review by the Investment Committees, it is considered that recovery is doubtful. A calibrated risk approach to the investment books of the Futurebuilders, Modernisation, Communitybuilders, Adventure Capital Funds, Forward Enterprise Fund, Liverpool LIF, Resilience & Recovery Loan and Recovery Loan Funds results in a further general provision being made to the financial investments, after taking account of individual specific provisions. Provisions made during the year, less amounts released, are charged to the Statement of Financial Activities and are netted off against financial investments in the Balance Sheet.

(s) Cash and cash equivalents

All cash held in accounts of less than 90-day notice is treated as cash and, classified as a deposit if notice is required to draw down cash.

(t) Critical accounting judgements and estimates

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Foundation's accounting policies and the reported assets, liabilities, income and expenditure and the disclosures made in the financial statements. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The key areas that are deemed to be material for these financial statements are as follows:

Significant judgement and estimates – provisions on financial investment loans

Significant judgements and estimates have been used in the calculation of both specific and risk calibrated provisions which are deducted from financial investments after the deduction of specific provisions. These provisions are calculated by applying impairments to financial investments after assessing their likelihood of default based on financial and subjective metrics.

1 Significant accounting policies

In respect of financial investments, the amount of specific provisions is £5.5m (2023: £6.8m), and the risk calibrated provision applied to the financial investments is £0.9m (2023: £1.2m).

1 Significant accounting policies

(t) Critical accounting judgements and estimates (continued)

Futurebuilders England Limited fund treatment

The contracts dated 1 April 2011 between Cabinet Office and SIBL and between Cabinet Office and FBE to manage the funds advanced by Cabinet Office to FBE expired on 31 March 2013. Those contracts expressly stated that FBE was acting as principal and on this basis, and taking into account the substance of the relationship with Cabinet Office, the assets and liabilities of FBE were fully consolidated in the accounts of the Group at 31 March 2013 and previous years and the monies advanced by Cabinet Office were treated as restricted funds.

This contract was replaced by a new contract between SIBL and Cabinet Office which ran from 1 April 2013 to 31 March 2016. Although there are some differences between the previous contract and the new contract, the governance arrangements, and the substance of the relationship between SIBL and Cabinet Office with regard to the management of these funds, remain largely unchanged, with the contract extended to March 2026.

In particular, Cabinet Office has advised that, in its opinion, FBE continues to act as principal under the contract and the contract specifically states that FBE "will hold the assets and liabilities of the fund on its Balance Sheet" although the new contract does not have an express statement confirming that FBE acts as principal not as agent.

However, the directors agree with the stance taken by Cabinet Office on the basis that FBE has discretion over whom funds are distributed to. In addition, all loan agreements are between FBE and the investee and not with the DCMS. In all these circumstances, the assets and liabilities of FBE continue to be fully consolidated in the Group's accounts at 31 March 2024 and the monies advanced by Cabinet Office continue to be treated as restricted funds. However, under the new contract, the Cabinet Office:

- has the right to terminate the contract at any time by giving at least three months' notice;
- will be given all shares in FBE for no consideration at the end of such notice period, and
- can require FBE to "deal with the Funds in the manner directed by Cabinet Office".

If the above were to occur, there would be a change in the nature of the relationship with Cabinet Office and in the substance of the agreement with SIBL. In such circumstances, the Group would immediately recognise in its accounts:

- a disposal of a subsidiary undertaking for no consideration should Cabinet Office serve notice to terminate the contract; or
- a liability should Cabinet Office make a request for funds to be returned to them.

The Futurebuilders contract with the Cabinet Office was transferred to DCMS during 2016/17.

2 Donations

	Group 2024 £'000	Group 2023 £'000
Pro bono legal services	468	181
	<u>468</u>	<u>181</u>

Pro bono services relate to activities received from professional service providers and are included within donations. Governance costs have been grossed up by an equivalent amount.

In 2024, £Nil of the donation income (2023: £Nil) was attributable to restricted funds with £468k (2023: £181k) being attributable to unrestricted funds.

SOCIAL INVESTMENT BUSINESS FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2024

3 Investment income

	Group 2024 £'000	Group 2023 £'000
By funding:		
Adventure Capital Fund (ACF)	1	13
Futurebuilders Fund	521	449
Forward Enterprise FM Limited	7	9
Liverpool Local Impact Fund (Liverpool LIF)	4	6
Communitybuilders Fund	102	118
Resilience & Recovery Loan Fund	376	695
Recovery Loan Fund	583	230
First Step Enterprise Funds (FSE)	4	1
Thrive Together Fund	29	-
Other investment income	578	83
	<u>2,205</u>	<u>1,604</u>
By nature:		
Interest on investments	1,627	1,373
Interest on bank deposits	578	231
	<u>2,205</u>	<u>1,604</u>

Investment income receivable relates to loan interest receivable on ACF, Futurebuilders, Communitybuilders, Resilience & Recovery Loan, Recovery Loan Fund, Thrive Together Fund and the investment in Responsible Multi Asset Funds and bank deposit interest.

In 2024, £1,509k of the investment income (2023: £1,432k) was attributable to restricted funds with £696k (2023: £172k) being attributable to unrestricted funds.

4 Fund management income and grant income

	Group 2024 £'000	Group 2023 £'000
Fund management fees	7,671	4,803
Grant income	58,678	15,565
Total fund management and grant income	<u>66,349</u>	<u>20,368</u>

Fund management fees are derived from managing grant and loan funds, of which £124k (2023: £152k) is attributable to restricted funds and £7,547k (2023: £4,651k) is attributable to unrestricted funds.

Of the grants under management £56,684k was attributable to restricted funds whereas £1,994k was attributable to unrestricted funds (2023: all grants under management were restricted income).

5 Other income

	Group 2024 £'000	Group 2023 £'000
Other income including Business Support income	527	398
	<u>527</u>	<u>398</u>

Business Support income is for support provided to investees by staff and external consultants under the Communitybuilders Fund and the Social Enterprise Investment Fund and which has been recharged to these funds. In 2024, £350k (2023: £253k) of the other

- 3 Investment income**
income was attributable to unrestricted funds and £177k (2023: £145k) was attributable to restricted funds.

SOCIAL INVESTMENT BUSINESS FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2024

6 Analysis of direct and support costs

	Group 2024 £'000	Group 2023 £'000
Direct costs		
Staff costs	2,418	1,664
Premises and operational	513	342
Legal and other professional	11	-
Depreciation	9	-
Operating leases for land and buildings	-	11
Business consultants - investee support	30	32
Other consultancy	263	334
Other direct costs	2,851	2,527
Direct fund management	686	556
Support costs		
Governance	1,103	558
Support costs	2,880	1,107
	10,764	7,131

In 2024, £574k (2023: £810k) of the fund management costs was attributable to restricted funds and £10,190k (2023: £6,321k) was attributable to unrestricted funds.

7 Allocation of governance and support costs

Governance and support costs comprise the following:

	Group 2024		Group 2023		Basis of appointment
	Governance £'000	Support Costs £'000	Governance £'000	Support Costs £'000	
Staff costs	142	1,143	99	786	Staff time
Premises and operational	30	243	19	162	Staff time
Legal and other professional	1	6	-	61	Invoices
Pro bono legal fees	468	3	181	-	Invoices
Board and investment committee costs	157	-	142	-	Invoices
Auditors' remuneration - audit services	61	-	55	-	Governance
Auditor's remuneration - non audit services	53	-	54	-	Governance
Internal audit	6	-	6	-	Governance
Other consultancy	17	138	2	98	Staff time
Other support costs	168	1,347	-	-	Staff time
	1,103	2,880	558	1,107	

SOCIAL INVESTMENT BUSINESS FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2024

8 Grants paid	Group 2024 £'000	Group 2023 £'000
Grants awarded	57,678	15,612

The Foundation undertakes its charitable activities through grant making and awarding grants to a number of individuals and institutions in furtherance of its charitable activities. £936k of grants were made from unrestricted funds and £56,742 were from restricted funds (2023: all grants are restricted funds).

Recipients of grants:	2024		2023	
	No. of grants	£'000	No. of grants	£'000
Arts, Heritage, Sports and Faith	23	378	20	235
Citizenship and Community	41	793	37	439
Conservation of the Natural Environment	23	427	11	115
Employment	19	242	8	120
Family, Friends and Relationships	7	104	3	25
Housing and Local Facilities	22	549	11	112
Income and Financial Inclusion	15	207	4	23
Mental Health and Wellbeing	74	993	77	983
Physical Health	15	287	8	75
Training and Education	53	1,261	21	277
Other	11	182	80	388
Youth Investment Funds	244	52,532	88	10,903
Less: Grants awarded last year, disbursed this year		(1,917)	-	-
		56,038		13,695
Grants awarded but not disbursed				
Youth Investment Funds		483		1,604
Employment		8		244
Other		1,149		69
		57,678		15,612

	Notes	Group 2024 £'000	Group 2023 £'000
Repayments to DCMS			
Amounts repaid to the DCMS		844	7,000

In 2024, expenditure of £844k (2023: £7,000k) was attributable to restricted funds.

Investment provisions/write offs made in year:

<i>Write offs</i>			
Capital	14	2,141	6,107
Interest		1	323
		2,142	6,430
<i>Provisions</i>			
Capital	14	(1,125)	(7,581)
Interest		74	(270)
		(1,051)	(7,851)
<i>Other adjustments</i>			
Investment in SASC		(1,200)	4
Net income related to fund costs		(109)	(1,417)

In 2024, income of £7k (2023: income of £1,062k) was attributable to restricted funds with

SOCIAL INVESTMENT BUSINESS FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2024

income of £102k (2023: income of £355k) attributable to unrestricted funds.

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FOR THE YEAR ENDED 31 MARCH 2024

9 Net income/(expenditure) for the year

	Group 2024 £'000	Group 2023 £'000
Net income/(expenditure) for the year is stated after charging:		
Amortisation of intangible fixed assets	9	7
Operating leases for land and buildings	-	11
Auditor's remuneration - audit services	61	55
Auditor's remuneration - non audit services	53	54
Internal audit	<u>6</u>	<u>6</u>

10 Staff costs

	Group 2024 £'000	Group 2023 £'000
Wages and salaries	3,147	2,166
Social security costs	343	236
Other pension costs	213	147
	<u>3,703</u>	<u>2,549</u>

Included in the figures above are payments made to the Group and Foundation key management personnel (including employer pension contributions, and employer national insurance contributions) defined as Directors and the Group Senior Management Team (CEO, Director of Finance, Deputy CEO, Director of Investments and Director of People & Values). Remuneration for the 5 members of the Group Senior Management Team totalled £571,904 (2023: 6 members, £621,599) including pension payments of £37,285 (2023: £37,730) and employer's national insurance of £59,315 (2023: £57,833).

The payments to Directors of SIBF Board are for their services to the Group. Authority for remunerating directors is included within the memorandum and articles of SIBF. The total SIBF directors' remuneration is £12,480 (2023: £12,480) of which the Chair is paid £12,480 (2023: £12,480). The Chair is paid by SIBL £27,194 (2023: £27,310) of which £12,480 is recharged to SIBF).

Payments are also made to the Directors of SIBL, a subsidiary of SIBF. The total SIBL director remuneration costs are £45,714 (2023: £46,715) of which £Nil (2023: £Nil) relates to pension payments. This means that the total Group Trustee and Director costs amounted to £58,194 (2023: £59,195) including pension payments of £Nil (2023: £Nil).

The monthly average number of employees during the year was as follows:

	Group 2024 No	Group 2023 No
Operational staff	67	39
Management staff	5	6
	<u>72</u>	<u>45</u>

The number of employees whose employee benefits (excluding employer pension costs and employer national insurance contributions) exceeded £60,000 was:

£60,000 - £69,999	5	9
£70,000 - £79,999	3	2
£80,000 - £89,999	3	3
£90,000 - £99,999	2	-
£110,000 - £119,999 *	-	1
£130,000 - £139,999 *	1	-
	<u>14</u>	<u>15</u>

*Includes the Chief Executive

No members of operational staff were employed by the parent company SIBF (2023: None).

10 Staff costs (continued)

Board, Investment Committee and Directors' remuneration

Board, Investment Committee and Directors' remuneration are payments to members of the SIBL and SIBF Board for their services to the Group. Authority for remunerating Directors is included within the memorandum and articles of SIBF.

	Salary		Expenses	
	2024	2023	2024	2023
	£	£	£	£
Rt Hon Hazel Blears	27,194	27,310	-	-
Richard Pelly OBE	-	5,250	-	-
James Rice	4,000	4,000	-	-
Jenny North	4,000	4,000	-	-
Amina Ahmad	4,000	4,000	-	-
Jagit Dosanjh-Elton	7,000	7,000	-	-
Anne-Marie Vine-Lott	-	4,000	-	-
Gavin Keyte	7,000	3,635	-	-
Hugh Rolo	5,000	-	-	-
	<u>58,194</u>	<u>59,195</u>	<u>-</u>	<u>-</u>

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

Pensions

No pension contributions were paid to Board and Investment committee members during this year or the prior year.

SIBF 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 1 August 2016: 6.79%, 9.06% and 11.33% depending on the level of employee contribution and two rates for all staff employed on 1 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 Group in independently administered funds. The pension cost charge represents contributions payable under the schemes by the Group to the funds.

Included within other creditors are outstanding pension contributions for the Group at the year-end were
£30,260 (2023: £37,096).

Other Board, Investment Committee and Directors' costs

A total of £Nil was paid in other Board, Investment Committee and Director costs in the year ended 31 March 2024 (2023: £Nil).

11 Corporation tax (charge)/credit

SIBF, as a registered charity, is exempt from corporation tax under the Corporation Tax Act 2010 (chapters 2 and 3 of part II, section 466 onwards) or Section 256 of the Taxation for Chargeable Gains Act 1992, to the extent surpluses are applied to its charitable purposes.

FBE is not subject to corporation tax on fund income on drawn down requests in respect of investments to Civil Society Organisations. Corporation tax is chargeable to the restricted fund where it relates to loan interest received. Corporation tax relating to interest accrued is borne by FBE and is included as a charge against the unrestricted management fee.

Any tax-adjusted surplus arising in FBE and SIBL on the payment they receive to cover operational and management costs will be taxable. The tax charge arising on the payment received to cover operational and management costs differs from the surplus/deficit on that payment as follows:

	2024 £'000	2023 £'000
Net expenditure		
Net expenditure before taxation	(746)	(5,674)
Tax at 25% thereon Effects of:	(187)	(1,078)
Expenses not deductible for tax purposes	331	1,386
Deferred tax adjustment for tax rate change	-	1
Deferred tax not recognized	(14)	(6)
Utilisation of tax losses	-	(59)
Actual current tax credit/(charge)	<u>130</u>	<u>244</u>

A potential deferred tax asset of £3,916 exists at the year-end (2023: £225,664) relating to fixed asset timing differences and tax losses. This has not been recognised within the financial statements, due to the uncertainty of recognition.

12 Intangible fixed assets

	Website & software licenses £'000
Group	
Cost	
At 1 April 2023	<u>27</u>
At 31 March 2024	<u>27</u>
Amortisation	
At 1 April 2023	7
Amortisation charged for the year	9
At 31 March 2024	<u>16</u>
Net book value	
At 31 March 2024	<u>11</u>
At 1 April 2023	<u>20</u>

The Foundation had no intangible fixed assets at 31 March 2024 or 31 March 2023.

SOCIAL INVESTMENT BUSINESS FOUNDATION
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FOR THE YEAR ENDED 31 MARCH 2024

13 Tangible fixed assets

	Office equipment and IT £'000
Group and Foundation	
Cost	
At 1 April 2023	244
Disposal	(244)
31 March 2024	-
Accumulated depreciation	
At 1 April 2023	244
Disposal	(244)
31 March 2024	-
Net book value	
At 1 April 2023 and 31 March 2024	-

14 Financial investments

Financial investments are in the form of loans and guarantees and are mixed motive investments. This year the Group have made specific provisions against 1 loan (2023: 2) which may be non-performing. The Trustees believe that the carrying value of the investments is supported by their underlying assets.

	Group		Foundation	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Balance at 1 April	26,771	31,514	3,628	4,400
New loans disbursed	7,231	5,063	133	68
Repayments received	(6,731)	(11,280)	(569)	(1,200)
Loan balance at 31 March before write off and provisions	27,271	25,297	3,192	3,268
Loans written off	(2,141)	(6,107)	(314)	(2,169)
Movement in provisions	1,948	7,581	(18)	2,529
	(193)	1,474	(332)	360
Balance at 31 March	27,078	26,771	2,860	3,628
	Group		Foundation	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Maturity of loans and advances:				
Within 1 year	322	5,508	29	870
Over 1 year to 5 years	13,792	17,983	671	1,889
Over 5 years	12,964	3,280	2,160	869
	27,078	26,771	2,860	3,628

SOCIAL INVESTMENT BUSINESS FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2024

14 Financial investments (continued)

	Group		Foundation	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Provisions brought forward 1 April	7,983	15,564	1,765	4,293
(Decrease)/Increase in provisions	(3,861)	279	(295)	1
Provisions written back/(off)	1,911	(7,860)	313	(2,529)
Provisions carried forward 31 March	<u>6,033</u>	<u>7,983</u>	<u>1,783</u>	<u>1,765</u>

SIBF

The Foundation shows an increase in provision in the year of £18k (2023: decrease of £2,529k) comprising a decrease in ACF of £3k (2023: decrease of £390k), a decrease in Communitybuilders provision of £51k (2023: decrease of £2,083k), a decrease of £Nil in East London IF (2023: decrease of £2k), a decrease of £Nil in the Liverpool LIF provision (2023: decrease of £46k), an increase of £2k in Forward Enterprise Fund (2023: decrease of £7k), an increase of £2k in First Step Enterprise Fund (2023: decrease of £1k) and an increase of £69k (2023: increase of £Nil) in the NCRIF provision.

Futurebuilders England Limited

During the year, no specific provision was made (2023: £Nil). Specific provisions were released across 3 loans totalling £1.8m (2023: £4.91m, 16 loans). In addition, the risk calibrated provision was decreased by £188k (2023: decreased by £247k).

SIB FM Limited

During the year, specific provisions decreased by £55k on 4 loans (2023: increased by £168k, 5 loans). In addition, the risk calibrated provision was increased by £130k (2023: decreased by £174k).

SIB Loans Limited

During the year, an additional specific provision of £128k was made on 1 loan (2023: £15k, 1 loan). In addition, the risk calibrated provision was increased by £107k (2023: increased by £94k).

Thrive Together (SIB) Limited

During the year, there were no specific provisions made. A risk calibrated provision of £17k was made (2023: £nil).

15 Financial investments – movements in other mixed motive investments

Group and Foundation

	2024	2023
	£'000	£'000
CIF		
Opening investment	550	626
Investment in CIF	<u>35</u>	<u>-</u>
Closing investment	<u>585</u>	<u>626</u>
Opening provision	(76)	(70)
Provision recovered/(increase)	<u>76</u>	<u>(6)</u>
Closing provision	<u>-</u>	<u>(76)</u>
Balance at 31 March	<u><u>585</u></u>	<u><u>550</u></u>
SASH		
Opening investment	1,631	837

SOCIAL INVESTMENT BUSINESS FOUNDATION
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Investment in SASH	230	794
Balance at 31 March	1,861	1,631

SOCIAL INVESTMENT BUSINESS FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2024

15 Financial investments – movements in other mixed motive investments (continued)

Group and Foundation	2024 £'000	2023 £'000
<i>TSIF</i>		
Opening investment	1,500	1,500
Disposal	(1,125)	-
Revaluation	(375)	-
Closing investment	-	1,500
Opening provision	(1,125)	(1,125)
Provision recovered	1,125	-
Closing provision	-	(1,125)
Balance at 31 March	-	375
Total balance at 31 March	2,446	2,556

SASC investment

During 2013, SIBF acquired a 29% share of SASC – entitling the Group to a 51% share of all future profit distributions. The investment in this associate has been accounted for using the equity method – with the initial investment recognised at cost which is considered to be the fair value of the consideration paid by the Group. The carrying amount of the investment is increased or decreased to recognise the Group's share of the profit or loss of SASC – and this profit or loss is reflected in the Group's results for the period.

In 2022, SIBF's exit of SASC's CIF reduced its share of SASC down to 10.56% this financial year. The share

% of SASC is below the associate threshold and therefore SASC investments and provisions were reclassified from investment in associate to other mixed motive investments.

As at 31 March 2024, SIBF has an investment in the Community Investment Fund of £585k and Social and Sustainable Housing Fund of £1,861k. The total investment into SASC is £2,446m.

16 Financial investments - responsible multi asset fund

Group and Foundation	2024 £'000	2023 £'000
Listed investments		
Market value brought forward	9,914	-
Additions at cost	-	10,000
Cash disbursed through portfolio	-	(139)
Management fees	(12)	(48)
Net gain on revaluation	541	101
Market value as at year-end	10,443	9,914
Investments at fair value comprised:		
Equities	7,325	6,458
Bonds and Alternatives	2,616	2,718
Cash held within the investment portfolio	502	738
Market value as at year-end	10,443	9,914

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2024

16 Financial investments - responsible multi asset fund (continued)

All investments are carried at their fair value. The investments are in the responsible multi asset fund managed by Cazenove. The basis of fair value for quoted investments is equivalent to the market value, using the bid price. Asset sales and purchases are recognised at the date of trade at cost (that is their transactional value).

17 Debtors: amounts falling due within one year

	Group		Foundation	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Trade debtors	1,635	2,039	-	-
Investee interest receivable	73	167	17	53
Prepayments and accrued income	390	193	16	44
Amounts owed by subsidiaries	-	-	1,866	1,140
	<u>2,098</u>	<u>2,399</u>	<u>1,899</u>	<u>1,237</u>

18 Creditors: amounts falling due within one year

	Group		Foundation	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Trade creditors	404	204	-	-
Other taxation and social security	232	183	-	-
Corporation tax	130	244	-	-
Other creditors	1,038	1,933	133	135
Accruals	348	205	147	-
Deferred income (note 19)	999	238	-	-
	<u>3,151</u>	<u>3,007</u>	<u>280</u>	<u>135</u>

19 Deferred income

	Group		Foundation	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
As at 1 April 2023	238	280	-	-
Income deferred during the year	873	23	-	-
Amounts released from previous year	(112)	(65)	-	-
As at 31 March 2024	<u>999</u>	<u>238</u>	<u>-</u>	<u>-</u>

Deferred income relates to the arrangement fees received in advance of the loan on disbursement of the loan.

SOCIAL INVESTMENT BUSINESS FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2024

20 Creditors: amounts falling due after more than one year

	Group		Foundation	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Amounts owed to co-investors:				
Owed to BSC, co-investor in SIBFM	5,021	8,753	-	-
Owed to co-investors in SIB Loans	7,000	2,700	-	-
	<u>12,021</u>	<u>11,453</u>	<u>-</u>	<u>-</u>

Loan owed to Better Capital Society (BSC), co-investor in SIBFM

Repayments are made to BSC Loan Funds twice yearly following the end of the availability period from SIB FM cash balances, after SIBL management fees have been deducted. Accordingly, none of the BSC Loan Funds are expected to be payable within one year and fall due between two and five years.

No security is given over these loans and no interest is charged on the balance.

Loan owed to co-investors in SIB Loans

Co-investor funds in SIB Loans are payable in 9 years, with an availability period of 5 years. An additional drawdown has been made in the year in relation to the Recovery Loan Fund (RLF) programme.

Security on this loan is over the shares of SIB Loans and there is a fixed and floating charge debenture over all assets. 3% interest is charged on this loan.

21 Financial instruments

Group and Foundation

The Group and Foundation has the following financial assets held at fair value through profit or loss:

	2024	2023
	£'000	£'000
Equity investments held at fair value through profit or loss (Note 16)	10,443	9,914

22 Funds

<i>In year</i>	Balance 1 April 2023 £'000	Income £'000	Expenditure and provisions £'000	Transfers £'000	Balance 31 March 2024 £'000
Group					
Futurebuilders Fund	11,978	542	(585)	(310)	11,625
Resilience & Recovery Fund	-	376	(277)	(99)	-
Recovery Loan Fund	3,013	707	(469)	293	3,544
Other investment funds	4,675	185	(81)	(9)	4,770
Grant funds	(47)	56,684	(56,741)	-	(104)
Restricted funds carried forward	19,619	58,494	(58,153)	(125)	19,835
Designated funds	9,720	2,068	(5,267)	-	6,521
Unrestricted funds	13,765	8,987	(6,875)	125	16,002
Total funds carried forward	43,104	69,549	(70,295)	-	42,358

SOCIAL INVESTMENT BUSINESS FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
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22 Funds (continued)

<i>Previous year</i>	Balance 1 April 2022 £'000	Income £'000	Expenditure and provisions £'000	Transfers £'000	Balance 31 March 2023 £'000
Group					
Futurebuilders Fund	17,944	467	(6,097)	(336)	11,978
Communitybuilders Fund	2,636	-	-	(2,636)	-
Resilience & Recovery Fund	-	695	(536)	(159)	-
Recovery Loan Fund	2,978	382	(186)	(161)	3,013
Other investment funds	4,682	185	(173)	(19)	4,675
Grant funds	-	15,565	(15,612)	-	(47)
Restricted funds carried forward	28,240	17,294	(22,604)	(3,311)	19,619
Designated funds	-	-	(280)	10,000	9,720
Unrestricted funds	20,782	5,257	(5,585)	(6,689)	13,765
Total funds carried forward	49,022	22,551	(28,469)	-	43,104

The Board approved back in January 2022 to create a £10m Strategic Designated Reserve to be invested for impact in line with the strategy by March 2026. As at the year end, the Board have approved £4.98m worth of proposals including:

- Create Equity £333k (FY22-24)
- Data Evaluation £554k (over 3 years)
- Thrive Together Fund £3m
- District Heat Network £600k
- Energy Resilience Fund £500k

The designated reserve spend for this year is £5,267k (2023: £280k)

The Futurebuilders Fund provides loan financing, often combined with grants and professional support, to civil society organisations in England that need investment to help them bid for, win and deliver public service contracts. This fund is closed for new applications.

The Communitybuilders Fund provides loans, grants and business support to multi-purpose, inclusive, community-led organisations (sometimes known as Community Anchors). This restricted fund takes the form of an endowment to SIBF and, on 1 April 2022, the current restrictions were lifted.

The Resilience & Recovery Fund was initiated to support VCSE's faced with financial difficulties due to the Covid-19 disruption and restrictions.

The Recovery Loan Fund represents the carrying value of the net assets of SIB Loans, a wholly owned subsidiary of SIBF, which was set up to manage this fund.

22 Funds (continued)

Transfers

	Group 2024 £'000	Group 2023 £'000
Transfers to unrestricted funds:		
- Communitybuilders Fund	-	2,636
Transfers to restricted funds:		
- Recovery Loan Fund	(500)	-
Transfers to management fees:		
- Communitybuilders Fund	9	19
- Futurebuilders Fund	310	336
- Resilience & Recovery Loan Fund	99	159
- Recovery Loan Fund	207	161
	<u>125</u>	<u>3,311</u>

Transfer to unrestricted funds (prior year)

Communitybuilders Fund became unrestricted from 1 April 2022 and this is represented by the transfer from restricted to unrestricted all the Communitybuilders net assets that have been fully reconciled including SASC, of which the cash from Communitybuilders Fund was used to invest in.

Transfer to management fee

Communitybuilders Fund represents a transfer from the restricted Communitybuilders Fund to SIBL as payment of the fund management fees.

Futurebuilders Fund represents the payment of the management fee from DCMS to SIBL from returns to the fund.

Resilience & Recovery Fund represents a transfer from the restricted SIBFM funds to SIBL as payment for fund management fees and loan arrangement fees.

Recovery Loan Fund represents a transfer from the restricted SIB Loans funds to SIBL as payment for fund management fees and loan arrangement fees. The transfer of £500k from the Recovery Loan Fund relates to a further investment in SIB Loans by Social Investment Business Foundation.

All of these are shown as transfers between restricted and unrestricted funds on the face of the Statement of Financial Activities.

SOCIAL INVESTMENT BUSINESS FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2024

22 Funds (continued)

<i>In year</i>	Balance 1 April 2023 £'000	Income £'000	Expenditure and provisions £'000	Transfers £'000	Balance 31 March 2024 £'000
Foundation					
Recovery Loan Fund	3,000	-	-	500	3,500
Other investment funds	4,416	188	(175)	-	4,429
Restricted funds carried forward	7,416	188	(175)	500	7,929
Designated funds	9,720	-	-	-	9,720
Unrestricted funds	13,028	780	(1,050)	(500)	12,258
Total funds carried forward	30,164	968	(1,225)	-	29,907
 <i>Previous year</i>	 Balance 1 April 2022 £'000	 Income £'000	 Expenditure and provisions £'000	 Transfers £'000	 Balance 31 March 2023 £'000
Foundation					
Communitybuilders Fund	2,636	-	-	(2,636)	-
Recovery Loan Fund	3,000	-	-	-	3,000
Other investment funds	4,401	186	(171)	-	4,416
Restricted funds carried forward	10,037	186	(171)	(2,636)	7,416
Designated funds	-	-	(280)	10,000	9,720
Unrestricted funds	20,351	179	138	(7,364)	13,028
Total funds carried forward	30,388	365	(589)	-	30,164

SOCIAL INVESTMENT BUSINESS FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2024

23 Analysis of net assets between funds

Group	Fixed Assets		Current assets	Total liabilities	Total funds
	Intangible Assets	Financial investments			
	2024 £'000	2024 £'000			
<i>In year</i>					
Designated Funds	-	3,206	3,315	-	6,521
Restricted funds	-	22,154	9,993	(12,312)	19,835
Unrestricted funds	11	14,607	4,244	(2,860)	16,002
Total Group	11	39,967	17,552	(15,172)	42,358
	2023 £'000	2023 £'000	2023 £'000	2023 £'000	2023 £'000
<i>Previous year</i>					
Restricted funds	-	23,327	8,179	(11,887)	19,619
Unrestricted funds	20	15,914	10,124	(2,573)	23,485
Total Group	20	39,241	18,303	(14,460)	43,104
Foundation	Fixed Assets		Current assets	Total liabilities	Total funds
	Intangible Assets	Financial investments			
	2024 £'000	2024 £'000			
<i>In year</i>					
Designated funds	-	6,405	3,315	-	9,720
Restricted funds	-	3,695	4,514	(280)	7,929
Unrestricted funds	-	12,149	109	-	12,258
Total Group	-	22,249	7,938	(280)	29,907
	2023 £'000	2023 £'000	2023 £'000	2023 £'000	2023 £'000
<i>Previous year</i>					
Restricted funds	-	3,184	4,367	(135)	7,416
Unrestricted funds	-	15,930	6,818	-	22,748
Total Group	-	19,114	11,185	(135)	30,164

SOCIAL INVESTMENT BUSINESS FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2024

24 Statement of Cash Flows notes:

Reconciliation of net expenditure to net cash (used in)/ generated by operating activities:

	Group 2024 £'000	Group 2023 £'000
Net expenditure after taxation	(746)	(5,918)
Tax paid	130	244
Net gain on investments	613	(101)
Investments income and bank interest received	(2,205)	(1,604)
Amortisation of intangible fixed assets	9	7
Increase/(decrease) in investment provisions/write offs	883	(1,469)
Decrease in associate investment provision	(750)	-
Decrease/(Increase) in debtors	301	(1,537)
Increase in creditors	582	1,278
Net cash used in operating activities	<u>(1,183)</u>	<u>(9,100)</u>

Analysis of changes in net funds:

	1 April 2023 £'000	Cashflow £'000	31 March 2024 £'000
Cash at bank and in hand			
Cash	8,661	2,905	11,566
Short term deposits	7,243	(3,355)	3,888
Debt due > 1 year			
Amounts owed to fund co-investors	(11,453)	(568)	(12,021)
Total net funds	<u>4,451</u>	<u>(1,018)</u>	<u>3,433</u>

25 Related party transactions

SIBF is a partner in SASC which includes: The Third Sector Loan Fund LLP, the Community Investment Fund LP and Social and Sustainable Housing LP.

SIBF paid SIBL £118k (2023: £146k) for management of the Communitybuilders Fund, and £436k (2023:

£400k) towards operational and premises costs. SIBF paid SIBL £147k (2023: £116k) for grant programme delivery fees during the year. SIBF received £nil (2023: £2k) in interest and £15k (2023: £62k) in capital regarding an intercompany loan between SIBF and SIBL.

At the balance sheet date the following amounts were outstanding with related parties:

Related Party	Relationship	Transaction type	2024 £	2023 £
SIBL	Wholly-owned subsidiary	Intercompany Balance	1,865,582	1,140,340
SIBL	Wholly-owned subsidiary	Intercompany Loan	-	15,625

SIBL is a trading subsidiary of the SIBF.

26 Investment in subsidiaries

Details of the Foundation's subsidiaries at 31 March 2024 are as follows:

Name	Status	Members	% owned	Registered No
The Social Investment Business Limited (SIBL)	Company limited by guarantee	SIBF	100	06490609
Futurebuilders England Limited (FBE)	Company limited by guarantee	SIBL	100	05066676
Social Investment Business FM Limited (SIBFM)	Company limited by shares	SIBF	100	12543106
Social Investment Business Loans Limited (SIB Loans)	Company limited by shares	SIBF	100	13259359
Thrive Together (SIB) Limited	Company limited by shares	SIBF	100	14809311

Foundation

	2024 £'000	2023 £'000
<i>Investments in subsidiaries</i>		
Opening investment	3,000	3,000
New investment in year	3,500	-
Balance at 31 March	6,500	3,000

All are registered in England and Wales.

All have their registered address at: Canopi, 7-14 Great Dover Street, London SE1 4YR.

On 17 April 2023, Thrive Together (SIB) Limited (Company Number: 14809311) was incorporated as a wholly owned subsidiary of SIBF.

SOCIAL INVESTMENT BUSINESS FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2024

26 Investment in subsidiaries (continued)

The financial results of the subsidiaries are summarised below:

Profit and Loss Account	SIBL		FBE		SIBFM		SIB Loans		Thrive Together Ltd	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000	2024 £'000	2023 £'000	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Income	66,562	22,142	542	466	376	695	707	382	2,068	-
Expenditure	(66,510)	(21,837)	(896)	(6,190)	(376)	(695)	(676)	(347)	(2,068)	-
Net income/(deficit) before tax	52	305	(354)	(5,724)	-	-	31	35	-	-
Corporation tax charge	-	-	(121)	(242)	-	-	(8)	(2)	110	-
Net income/(deficit) for the year after tax	52	305	(475)	(5,966)	-	-	23	33	110	-

Balance Sheet	SIBL		FBE		SIBFM		SIB Loans		Thrive Together Ltd	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000	2024 £'000	2023 £'000	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Fixed assets	11	20	9,046	10,847	3,770	6,868	9,157	5,428	2,247	-
Current assets										
Debtors	2,148	2,316	34	38	22	48	64	37	-	-
Cash at bank and in hand	2,283	2,355	2,640	1,420	1,232	1,872	1,369	310	1,999	-
	4,431	4,671	2,674	1,458	1,254	1,920	1,433	347	1,999	-
Current liabilities										
Creditors	(3,653)	(3,954)	(215)	(325)	(3)	(35)	(57)	(65)	(311)	-
Net current assets	778	717	2,459	1,133	1,251	1,885	1,376	282	1,688	-
Creditors due after more than 1yr	-	-	-	-	(5,021)	(8,753)	(7,000)	(2,700)	(825)	-
Net assets	789	737	11,505	11,980	-	-	3,533	3,010	3,110	-

27 Guarantors

Locality (formerly The Development Trusts Association) Registered Charity no: 1036460 is the remaining founder member of SIBF. The Directors appointed by the Board are the non-founder Directors. The founder and non-founder Directors are the members of the Foundation. Every member undertakes to contribute a sum not exceeding £1 to the assets of the Foundation if it is wound up during his or her membership or within one year afterwards.

28 Amounts disbursed as agent - Group

SIBL manages and disburses the restricted funds as principal, with the income and expenditure included in the Group Statement of Financial Activities; and as agent, with the grants, related disbursements, assets and liabilities excluded from the Group's financial statements. The activities as agent are shown below and in other creditors.

Social Enterprise Investment Fund (SEIF)	2024 £'000	2023 £'000
Balance at 1 April	463	189
Returns to Funder (DoH)	-	(180)
Repayments from Investees	140	454
Balance held at 31 March	603	463
 Power to Change (PTC) grant programmes	 2024 £'000	 2023 £'000
Balance at 1 April	294	989
Funds received from PTC	57	2,713
Funds disbursed to grantees	(347)	(3,408)
Balance held at 31 March	4	294

29 Events after the reporting date

In June 2024, SIBF invested £500k into a new 100% owned subsidiary, Energy Resilience (SIB) Limited. The investment was made from Strategic Designated Reserves.

Audit findings report

Issued to:

Social Investment Business Foundation

Year ended 31 March 2024

Prepared on 3 September 2024 for the Audit and
Finance Committee meeting on 11 September
2024



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Executive summary

Status and overview of the audit

Our audit progressed as planned. Our work is complete, subject to the following finalisation points:

■ Review of going concern assessment at date of approval of financial statements	■ Confirmation of no further post balance sheet events at date of approval of financial statements

Final materiality

Materiality has not changed since we presented our audit plan.

Unadjusted misstatements

A list of the unadjusted misstatements is included in the Appendix. The largest misstatements related to:

■ Variance between amounts due to Better Society Capital per their confirmation received.	■ Being the write-off of the HMRC liability
■ Being write-off of amounts due from Renaisi Ltd (30% of loan value not covered by guarantee) as the entity went into administration on 3 July 2024.	



Key audit risk findings

(See Appendix for risk description and planned work)

We have set out below details of those areas that we considered to be the key audit risks arising when we presented our audit plan. There have been no changes to the risks identified.



Audit risks summary

Risk item	Risk identified
1	Management override of controls*
2	Fund accounting
3	Income recognition*
4	Going concern
5	Provisions and investment balances

* = Significant risk due to risk of fraud, as required by auditing standards

Risk	Findings
Provisions and investment balances	Future Builders England Limited We have agreed a sample of loan repayments in the year to bank receipts and no issues were identified. There have not been any new loans issued in the year in FBE. We note in the year there was a loan write-off expense of c. £1.8m. This relates to increases in the general provision as well as changes to specific provisions. We have set out our observations on specific loans repayable below. For Save the Family Ltd., as approved by the Investment Committee on 7 March 2023, we noted a final settlement figure of £675k from the proceeds of a property sale received on 21 June 2023 and therefore the £1.771m balance of the loan was subsequently written off. As the loan had previously been provisioned at £1.846m (based on a lower expected settlement figure), £74.7k was written back to profit and loss. Bickerstaffe Children's Services was a start-up organisation that was first awarded FBE funding in 2005 to support the cost of a modular building within the grounds of the local primary school from which the group would create and run a children's centre providing preschool and out of school care for local children. The original investment was approved for a 10-year tenure consisting of a £135k loan, a £30k bridging loan, £10k development grant, £11k capacity building grant and £25k capital grant. In March 2023, Bickerstaffe Children's Services informed FBE that they had temporarily suspended operations due to staffing and national funding shortages and in light of this were looking to transfer all of the nursery's assets to the local primary school, including the FBE loans. We noted in the November 2023 Investment Committee minutes that Bickerstaffe Children's Services had ceased operations. The new management had inherited issues from their predecessors and have requested a write-off for the full amount of £58k, which the Investment Committee approved. Specific provisions at the year-end include c.£957k against Bayis Sheli. The balance of the loan not provided for is secured on property valued at £1.15m; the level of provision is adjusted as repayments are made which this loanee continues to do. We note at the date of this report that the provision appears reasonable as the loanee is frequently monitored. The Women's Organisation loan of £1.5m has been fully provided for at the year end. Although the loan is unsecured there has been capital repayments in the year and further payments are expected in the following year therefore at present level of provision is reasonable. Per discussions with management, we noted that Young Futures amounts due at the year-end were approximately £25k. The amount at the year-end has been fully provided for. We note that this company went into administration and the administrators determined that there would be no monies available likely for FBE to recover. A write-off will follow but at the year-end a provision for the balance is deemed appropriate. We have also noted that DCMS are completing a review of historical loans within FBE, with there being no suggestion of any requirement to adjust previous write-offs and provisions. Social Investment Business FM Limited There has been no new loan issued in the year. We have agreed a sample of repayments of existing loans and no issues were identified. The majority of the specific provision relates to £100k for The Five Lamps Organisation against a loan balance £500k. We noted in the November 2023 Investment Committee minutes that a new repayment holiday has been requested in addition to last year. This is primarily to allow them more time to conclude the strategic review of their finances in line with the rest of the investment group. We note that in the future this loan may be written off in full but currently the portion not covered by the British Business Bank guarantee is currently fully provided for by SIBFM. We have reviewed the 2023 accounts for Five Lamps Trading Ltd and they had net liabilities of £2.10m, therefore we are in agreement with the provision included in the financial statements as above.

Risk	Findings
Provisions and investment balances	SIB Loans Limited We have agreed a sample of new loans issued in the year to loan agreements and repayments in the year to bank statements and no issues were identified. We have also reviewed the provisions and interest rates for reasonableness and no issues were noted. We note that during the year Renaisi Ltd was issue a loan within the Recovery Loan Fund. We have reviewed Companies House records and note that Renasi Ltd entered administration on 3rd July 2024. Per discussions with management we note that there is a guarantee in place to cover 70% of the loan value. The loan value at the year-end was c.£257k and therefore the amount left exposed is approx. £77k. The remaining amount can be claimed by SIB Loans guarantee once they have completed the full recovery process which is expected to within 18 months of administration. We have raised an unadjusted misstatement in the later section of this report to provide against the amount of £77k (30%) that is deemed irrecoverable as not covered by the guarantee. Social Investment Business Foundation We have agreed a sample of new loans issued in the year to loan agreements and repayments in the year to bank statements and no issues were identified. There has been c.£313k of write offs in the year. The majority of these write-offs relates to SOAR Enterprises Limited, being £300k. The Investment Committee in September 2023 approved a £300k write-off of this loan subject to a one-off payment of £60k from SOAR Enterprises Limited by 31 March 2024. The £60k repayment was received in December 2023 therefore the remaining write-off is deemed reasonable. The only other write-off was in relation to Black & Minority Ethnic Community Partnership. The opening balance of the loan at 31 March 2023 was £13k. The latest accounts available at Companies House detail an outstanding employment tribunal decision. The outcome of that has not been relayed to SIBF, and there is a possibility that a settlement is needed in that case. As detailed in those financial statements, the organisation has very limited unrestricted reserves, so it is not clear if they would be able to meet such a cost. We have noted that a full write off is recommended which would be in line with the financial statements filed at Companies House. Thrive Together We have agreed a sample of new loans issued in the year to loan agreements and repayments in the year to bank statements and no issues were identified.



Other audit risks

Risk	Findings
Management Override of controls	We completed our work on journal testing as planned and no issues were noted. We have also examined the significant accounting estimates and judgements and believe that they are reasonable and consistently applied. From our audit testing, we did not identify any significant or contentious transactions to bring to your attention.
Fund accounting	We have reviewed the nature, purpose and disclosure of each fund as planned. We tested the classification of income and expenditure between restricted and unrestricted funds on a sample basis and no issues were noted, we are satisfied that appropriate processes are in place for identification of new restricted funds.

Other audit risks

Risk	Findings
Income recognition	We have reviewed the accounting policies adopted, considering the guidance available in SORP FRS102 and / or Companies Act 20206 and the three recognition criteria of entitlement, probability and measurement, from the testing completed no issued have been noted. We have also reviewed pro-bono items received in the year and consider that these have been accounted for appropriately.
Going concern	Our going concern assessment will remain under review until the date of sign off, to consider any potential changes between the date of this report and the date of approval of the financial statements. We have noted that the going concern assessment covers the period to November 2025, which is greater than 12 months after the approval of the financial statements. We consider the going concern assessment on a group-wide basis to be appropriate. Based on our initial review of the forecasts to November 2025, the going concern bases is considered to be appropriate given that in the current financial year there was net expenditure of £0.6m for the group, to which the group has sufficient cash balances of £11.6m and short-term liquid deposits of £3.9m to be able to weather much more significant future deficits. From our review, the group has not had net annual expenditure greater than £8.8m since 2016. Although past performance is not always indicative of future performance, this would suggest that in a worse-case scenario over the next 12-18 months that the group would still have sufficient cash and assets to be considered a going concern. In the previous year SIB has also invested in a responsible multi asset fund, initial additions at cost were £10m and the market value as at the year-end is £10.4m. As at the 31 August 2024, we have not noted any material changes to the portfolio. Per review of the consolidated forecast we note that in every month the cash balances for the group exceed £8.9m outside of the Cazenove investment.

Qualitative aspects of accounting

Management judgements and accounting estimates

The following areas are considered to be the principal management judgements and estimates. The graphic below visually represents the impact (lower or higher) on the financial statements of a change in management's estimate. In overview, a reasonably possible change in estimate that has a low impact means that such a change will have limited impact on the financial statements.

Areas of judgement / estimate	Low impact	High impact
Provision for financial investment loans		
Going concern		

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense and is included in "finance costs".

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method. The Group makes specific provisions for impairment against loans when, as a result of frequent monitoring and review by the Investment Committee, it is considered that recovery is doubtful.

A calibrated risk approach to the investment books of the Futurebuilders, Modernisation, Communitybuilders, Adventure Capital Funds and Forward Enterprise Fund results in a further general provision being made to the financial investments, after taking account of individual specific provisions. Provisions made during the year, less amounts released, are charged to the Statement of Financial Activities and are netted off against financial investments in the Balance Sheet.



Appendix

Accounting misstatements

A summary of the adjusted and unadjusted misstatements identified during the course of our work is set out below, analysed between misstatements of fact and differences in judgement.

- Group Level: £61,400
- SIBF entity only: £30,300
- SIBFM entity only: £7,090
- TSIB entity only: £61,800
- SIBL entity only: £12,600
- FBE entity only: £13,700
- TT entity only: £6,200
- We advised management of all these misstatements and requested management to correct them.

Entity	Type	Classification	Code	Account	Debit	Credit	Description
SIB LOANS	Audit	Misstatements (Factual)	790	RLF Loan		77,250	Being write off of amounts due from Renaisi Ltd (30% of loan value not covered by guarantee) as went into administration on 3rd July 2024.
SIB LOANS	Audit	Misstatements (Factual)	490	Provision against loans/investments	77,250		Being write off of amounts due from Renaisi Ltd (30% of loan value not covered by guarantee) as went into administration on 3rd July 2024.
TSIB	Audit	Misstatements (Factual)	489	Irrecoverable VAT		59,000	Being the write-off of the HMRC liability
TSIB	Audit	Misstatements (Factual)	820	VAT	59,000		Being the write-off of the HMRC liability
SIBFM	Audit	Misstatements (Factual)	862	Investor Funds: Big Society Capital (Current)		31,750	Being adjustment for variance between loan TB value and BSC confirmation.
SIBFM	Audit	Misstatements (Factual)	480	Bank Charges/other purchases	31,750		Being adjustment for variance between loan TB value and BSC confirmation.

Financial statement disclosures

During the course of our audit, we reviewed the adequacy of the disclosures contained within the financial statements and their compliance with both relevant accounting standards and the requirements of the Companies Act 2006 and Charities SORP etc.

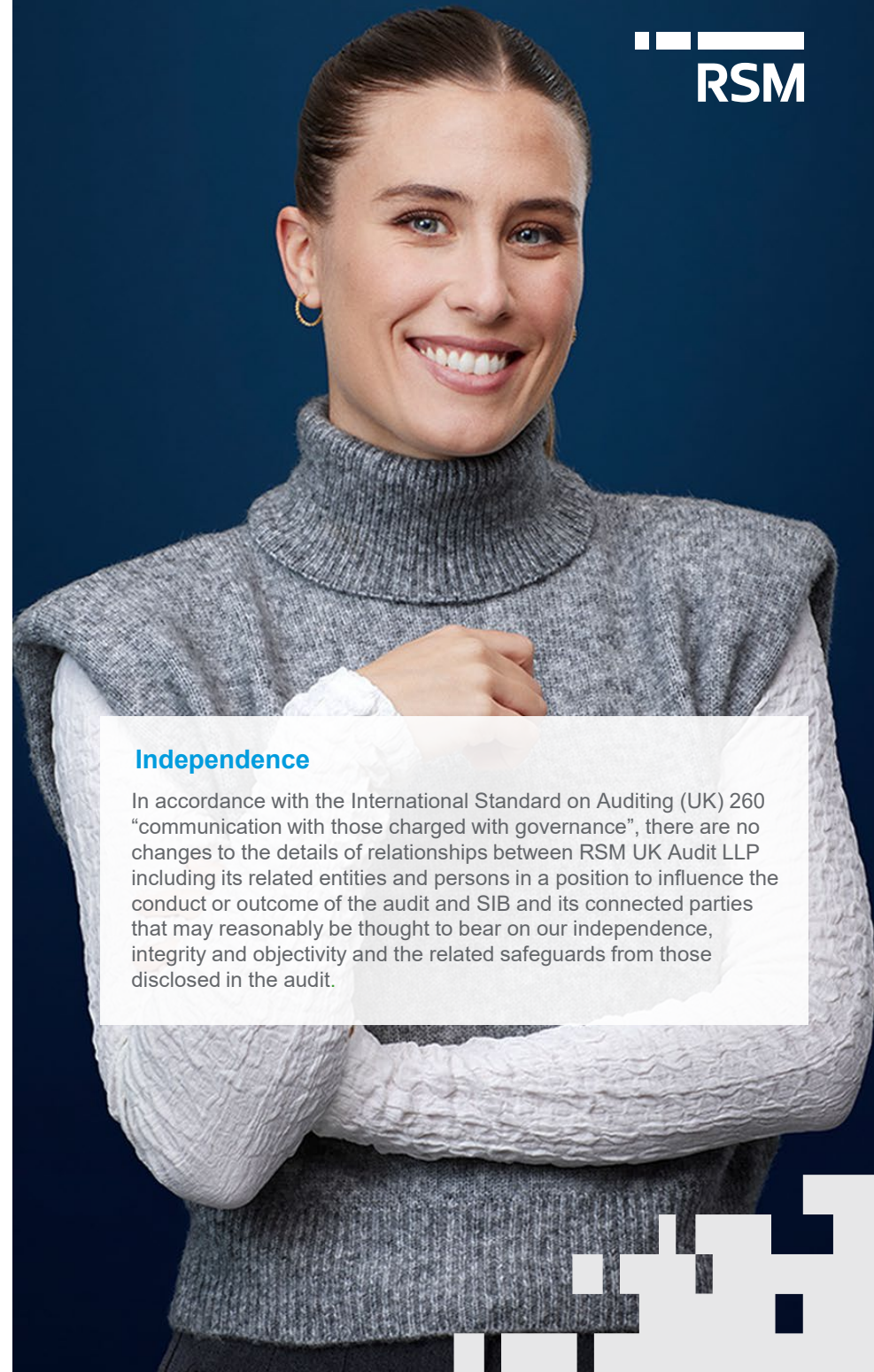
The following disclosure matters were brought to your attention and subsequently adjusted / not adjusted in the revised financial statements.

Unadjusted disclosures	Adjusted disclosures
None	None

Other matters to be reported

Representations requested

We are not seeking additional representations that are otherwise requested on all audit assignments (<http://www.rsmuk.com/standard-representations>).



Independence

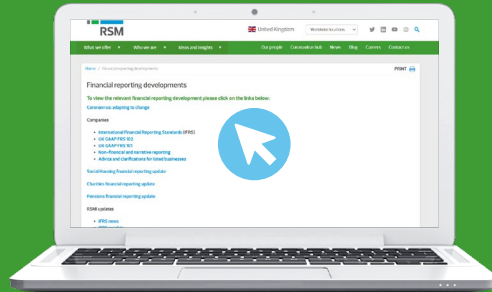
In accordance with the International Standard on Auditing (UK) 260 “communication with those charged with governance”, there are no changes to the details of relationships between RSM UK Audit LLP including its related entities and persons in a position to influence the conduct or outcome of the audit and SIB and its connected parties that may reasonably be thought to bear on our independence, integrity and objectivity and the related safeguards from those disclosed in the audit.

Financial reporting updates

Financial reporting updates

A full list of financial reporting updates can be found by clicking the link below:

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Audit risk summary
taken from the audit plan

Audit risk summary

Risk	Description	Response
Management Override of controls	Systems of internal control are designed to mitigate inherent risks of error within the core control systems to an acceptable level. By nature, a management override or by-pass of controls cannot be eliminated by the implementation of controls and therefore as part of our audit we will perform additional tests of detail to address this risk.	As part of our review, we will plan to test the appropriateness of journal entries recorded in the accounting ledgers. This review will include a detailed examination for a sample of individual journal postings, in addition to reviewing the nature and frequency of journal activity. This work is mainly done through our data analytics software, reviewing for unusual patterns and anomalies in expected transaction levels. We will also review the basis for key accounting estimates and judgements to ensure these have been applied on a consistent and comparable basis to those applied in preparation of the 2023 financial statements and generally throughout the sector. Finally, should any significant novel or contentious transactions that arise outside of the normal course of business come to our attention during the audit; we will obtain a full understanding for the business rationale underpinning the transaction and report our findings in our audit findings report accordingly.
Fund accounting	There is a risk that errors made in fund accounting could result in restricted funds such as certain grants, not being identified or accounted for correctly, or invalid expenditure being charged to restricted funds. Designated funds, where Trustees have earmarked funds for specific purposes, are also required to be approved before the year end, monitored and the timeframe for spend disclosed.	We will: - Review the nature, purpose and disclosure of each fund in conjunction with guidance given in SORP FRS102 and best practice as dictated by charity law. - Obtain the latest available details of the nature of funds received and receivable, subsequent transactions and adjustments processed in the current year, ensuring that appropriate income and expenditure has been attributed to funds and appropriate designations have been made. - Review costs allocated against restricted and designated funds and assess these against the terms of the fund. - Ensure that procedures are in place for identifying restricted income. - Consider the disclosures in the financial statements alongside the purposes of each fund to ensure this is consistent with any pre-existing condition.

Audit risk summary (continued)

Risk	Description	Response
Income recognition	Income recognition could lead to the under or overstatement of resources. Within the core sources of funding the charity receives material grants. There is an inherent risk surrounding income recognition and cut off errors in the financial statements around the year end.	We will: - Review the accounting policies adopted, considering the guidance available in SORP FRS102 and the three recognition criteria of entitlement, probability and measurement. - Ensure that income is recognised appropriately and that any income received in advance is properly deferred in accordance with SORP requirements.. - Consider the nature of income in terms of contractual v performance related grants and the appropriate recognition of this income within this context. We will also review any pro-bono items received in the year and consider if these have been accounted for appropriately.
Going concern	The wider economy has presented challenges such as high inflation and the cost-of-living crisis. This could impact accounting estimates and judgements in the financial statements, in particular valuation of investments, recoverability of debtors, potential unrecorded liabilities etc. Guidance, released by the FRC, which may be helpful in management forming their assessment, can be found here. In addition, the implementation of ISA 570 (UK) Revised Going Concern has resulted in enhanced risk assessment and greater challenge and work effort to be performed by us, when evaluating management's assessment in relation to going concern. Further details of the changes to the standard can be found here.	Our audit approach will primarily, and fundamentally, consider management's going concern assessment of the group. We will then consider the going concern assessment for each individual entity by reference to the overall group position. As part of our audit we will consider: - The forward-looking assumptions used by management in their assessment relating to going concern including a review of the investment portfolio before sign off. - Management's sensitivity analysis to reasonably possible changes in their assumptions, including downsides. - Management's scenario analysis and contingency plans. - Supporting evidence provided by management for their assumptions, and related disclosures, and challenge where necessary. - Appropriateness of related disclosures in the financial statements, depending on the degree of sensitivity to changes in assumptions and whether there is a significant risk of causing a material adjustment to the carrying amount of assets and liabilities. - Consistency, adequacy, and specificity of disclosures in the Annual Report in respect of principal risks and uncertainties and future plans. - Implications, if any, for our audit report. - We will seek written representations from management about their plans for the future and the feasibility of their plans. - If applicable, we will consider the requirement for any letters of support for individual entities within the group.

Audit risk summary (continued)

Risk	Description	Response
Provisions and investment balances	Material components of the financial statements include the loans as part of other finance receivables and any associated provisions. For provisions, judgement is applied by management (reviewed throughout the year by the Investment Committee) in determining the net carrying value of loans in the financial statements. This is noted as a critical accounting judgement in the accounting policies of the financial statements as required by FRS102. We noted that management takes a generally prudent approach to provisioning.	We will; - Review a sample of new loans in the year and agree to supporting documentation - We will review impairments and minutes of Investment committee meetings to consider justifications for individual cases and managements basis. - We will review a sample of interest rate calculations for reasonableness. - We will review the disclosure around these balances within the financial statements including the aging of the loans as well as the accounting policy.

RSM UK Audit LLP

25 Farringdon Street
London
EC4A 4AB
United Kingdom
T +44 (0)20 3201 8000
rsmuk.com

Our report is prepared solely for the confidential use of Social Investment Business Foundation and solely for the purpose of explaining the scope and timing of the audit, and to highlight the significant risks and other audit areas that we will be focusing our audit work upon. This forms part of the ongoing communications we are required to make under the International Standard on Auditing (UK) 260 – Communication with those charged with governance.

For the avoidance of doubt, the auditor is not required to design audit procedures for the specific purpose of identifying matters of governance interest, nor does the audit relieve management or those charged with governance of their responsibilities. Throughout this document the terms partner and principal are interchangeable.

The UK group of companies and LLPs trading as RSM is a member of the RSM network. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm each of which practises in its own right. The RSM network is not itself a separate legal entity of any description in any jurisdiction.

The RSM network is administered by RSM International Limited, a company registered in England and Wales (company number 4040598) whose registered office is at 50 Cannon Street, London EC4N 6JJ. The brand and trademark RSM and other intellectual property rights used by members of the network are owned by RSM International Association, an association governed by article 60 et seq of the Civil Code of Switzerland whose seat is in Zug.

RSM UK Corporate Finance LLP, RSM UK Legal LLP, RSM UK Restructuring Advisory LLP, RSM UK Risk Assurance Services LLP, RSM UK Tax and Advisory Services LLP, RSM UK Audit LLP, RSM UK Consulting LLP and RSM UK Creditor Solutions LLP are limited liability partnerships registered in England and Wales, with registered numbers OC325347, OC402439, OC325349, OC389499, OC325348, OC325350, OC397475 and OC390886 respectively. RSM UK Employer Services Limited, RSM UK Tax and Accounting Limited and RSM UK Management Limited are registered in England and Wales with numbers 6463594, 6677561 and 3077999 respectively. All other limited companies and limited liability partnerships are registered at 6th Floor, 25 Farringdon Street, London, EC4A 4AB. The UK group of companies and LLPs trading as RSM is a member of the RSM network. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practises in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

SOCIAL INVESTMENT BUSINESS FOUNDATION

England & Wales - Charity number 1117185

Accounts

A photograph of a woman with dark curly hair and a young boy with light hair, both smiling and engaged in conversation. The woman is on the right, wearing a light-colored top, and the boy is on the left, wearing a dark blue shirt. They are in a brightly lit indoor setting, possibly a library or a community center, with bookshelves visible in the background.

**Social Investment
Business Foundation**

Annual Report and Consolidated Financial Statements

Year Ended 31 March 2023

Charity number 1117185

Company Number 05777484

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**SOCIAL INVESTMENT BUSINESS FOUNDATION
TRUSTEES, OFFICERS AND ADVISERS
FOR THE YEAR ENDED 31 MARCH 2023**

Trustees

Rt Hon Hazel Blears (Chair)
James Rice
Jenny North
Richard Pelly OBE (Resigned 8 December 2022)
Robert Hewitt
Sonali Siriwardena
Jagjit Dosanjh-Elton
Edward Wallis
Gavin Keyte (Appointed on 28 September 2022)

Company Secretary and registered office

Nishit Chikhlia

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

Charity number

1117185

Company number

05777484

Auditor

RSM UK Audit LLP, 25 Farringdon Street, London, EC4A 4AB

Bankers

Barclays Bank, 1 Churchill Place, Leicester LE87 2BB
Unity Trust Bank, Nine Brindley Place, Birmingham B1 2HB
CCLA Investment Management, Senator House, 85 Queen Victoria St, London EC4V 4ET
Charity Bank, Fosse House 182 High Street, Tonbridge TN9 1BE
The Royal Bank Of Scotland, Chatham Rcsc Western Avenue Waterside Court Chatham Maritime, Chatham ME4 4RT
Lloyds Bank, Po Box 1000, BX1 1LT
National Westminster Bank, Chatham Rcsc Western Avenue Waterside Court Chatham Maritime, Chatham ME4 4RT
Santander Bank, Bridle Road Bootle, Merseyside L30 4GB
Triodos Bank, Deanery Road Bristol BS1 5AS

Lawyers

Weil, Gotshal & Manges (London) LLP, 110 Fetter Lane, London EC4A 1AY United Kingdom

SOCIAL INVESTMENT BUSINESS FOUNDATION REPORT OF THE BOARD OF TRUSTEES FOR THE YEAR ENDED 31 MARCH 2023

The Board of Trustees of Social Investment Business Foundation (SIBF) present their report together with the audited financial statements for the Group for the year ended 31 March 2023, in accordance with the Company's governing documents. These statements have been prepared under the *Guidelines in the Accounting and Reporting by Charities: Statement of Recommended Practice, 2019 (Charities SORP) 2nd Edition*, and with the Companies Act 2006. The Trustees are also Directors of SIBF for the purposes of company law.

1 Objectives and Activities

The objects of the Charity are to promote for the public benefit all purposes as are recognised as charitable under the laws of England and Wales including but not limited to:

- supporting community organisations in areas of social need that are charities and the charitable activities of other community organisations, including provision of advice, support and assistance and/or
- the making and the promotion of social investments by means of loans, grants, guarantees, equity, near equity or other financial interventions or assistance to charities or for charitable purposes, including but not limited to supporting community organisations operating in areas of social need and/or
- promoting the efficient and effective application of charitable resources by those charities and for charitable purposes by the provision of financial advice, support and related assistance to charities and for charitable projects in relation to such loans, grants, guarantees, equity, near equity or other financial interventions and social investments

SIBF is committed to using finance to create a more equal society. We do this through supporting the social economy, making it more resilient, more diverse and more fairly distributed. We do this through the direct provision of grants, loans and support, and also by using our partnerships, data and position to influence policymakers and our peers.

All our activities are underpinned by our commitment to operational excellence in all we do.

Our five core values inform how we work:

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

In terms of **group structure**, SIBF continues to manage the Communitybuilders Fund which invested in community-based social enterprises as well as the Youth Investment Fund. SIBF is the parent company of Social Investment Business Limited (SIB Limited), 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.

SIBF is also the parent company and sole shareholder of Social Investment Business FM Ltd (SIB FM), a company limited by shares established with the sole purpose of making investments to charities and social enterprises during Covid – through the Resilience & Recovery Loan Fund.

SIBF has invested £3m in Social Investment Business Loans Ltd (SIB Loans), a wholly owned subsidiary established to manage the Recovery Loan Fund (RLF); SIB Loans is also a company limited by shares, with SIB Foundation its sole shareholder.

Collectively this group of companies is referred to as Social Investment Business (SIB).

SIBF continues to be a shareholder and investor in Social and Sustainable Capital LLP (0C378569) (SASC) and its funds; during the year, the SIB investment in the Community Investment Fund (CIF) was largely recovered, and SIBF's remaining share in the LLP is 14.5%.

SIBF was also the parent company and sole shareholder of Forward Enterprise FM Ltd, a company limited by shares. Forward Enterprise FM Ltd (FEFM), held investments in enterprises working with or being led by ex- offenders or people in recovery from addiction and creating employment opportunities. During the year the assets and liabilities of FEFM were transferred to SIBF and the company was struck off on 31st January 2023.

2 The Group's specific strategic priorities were renewed in June 2022 as follows:

The Board approved the renewal of the strategy in June 2022 which includes a focus on tackling inequality as the golden thread through all of SIB's work.

Our vision is of an equal society that operates fairly, in which people can participate freely and fully, and our mission remains to build a more resilient, diverse and distributed social economy that contributes to a more equal society.

Four key strategic outcome areas working towards achieving our mission are:

- **Reach** – we focus on funding a more widely distributed social economy with more diverse leadership.
- **Resilience** – we focus on the social economy's financial resilience and also its adaptation to Net Zero.
- **Credibility** – we focus on publishing open data and working with partners to promote a credible social economy, through evidence and collaboration
- **Influence** – we focus on expanding appropriate funding from public, private and philanthropic sources of capital for charities and social enterprises

This work is underpinned by a commitment to operational excellence:

- Customer accessibility, efficiency and responsiveness to needs
- Quality assured operational systems and processes that are sector-leading
- Financial resources being used effectively and efficiently for maximum impact
- People are trained, talented, diverse and motivated, living our values

The most significant achievement in this financial year was being successful in leading a bid to run Phase 2 of the Youth Investment Fund (YIF) for the Department of Culture, Media and Sport (DCMS). YIF is a £337m fund to build, extend and renovate youth facilities and services through capital and revenue funding until March 2025.

The objectives of the YIF are to:

- Increase the number of regular positive activities undertaken by young people
- in the targeted areas by 45,000 per year, by 2026/27.
- Provide up to 300 new and redeveloped facilities delivering positive activities to young people, funded through self-reliant funding models.
- Improve the environmental sustainability of the youth sector estate in target areas through energy efficiencies and/or low carbon heating.
- Reduce the environmental impact of construction activities across the programme, by funding facilities with the lowest reasonable carbon footprint across their lifetime.
- Reduce build and ongoing running costs, by supporting new or redeveloped youth facilities that demonstrate 20% reduced annual running costs by 2025/26, compared to ageing youth facilities.

YIF opened to applications at the start of August 2022, and the first grants were approved at the end of October 2022, with the first announcements occurring in the first quarter of 2023.

Outside of the Youth Investment Fund SIB advanced c.£12m to over 400 organisations with notable achievements including:

- **Recovery Loan Fund (with Flexible Finance):** The Recovery Loan Fund (RLF) is for charities and social enterprises based in England, Wales and Scotland who are working to improve people's lives, or the environment they live in. It does this by offering loans of between £100,000 and £1.5m. The fund is supported by the Government's Recovery Loan Guarantee Scheme. A total of £4.8m loans was disbursed to 19 organisations. This included working with our partners The Ubele Initiative and Create Equity, to provide Flexible Finance grants (alongside loans) to Black and Minoritised Ethnicity led organisations. The proportion of Black and Minoritised Ethnicity led organisations receiving funding from the Recovery Loan Fund is >20% so far versus 3.9% for the predecessor Resilience and Recovery Loan Fund.

- **Enterprise Development Programme:** The Enterprise Development Programme (EDP) is a grant and learning support programme for organisations that are looking to become more enterprising and generate more income from trading. The programme is delivered in partnership with Youth, Homelessness, Mental Health, Equality, Environment and Black, Asian, and Minoritised Ethnic sector partners. A total of £1.8m grants were awarded to 143 organisations.
- **Reach Fund:** The Reach Fund is a grant programme that helps charities and social enterprises raise investment and currently works with >20. The Reach Fund has worked with a wide range of investors (>20) who recommend organisations to the fund. A total of £1.5m grants were awarded to 137 organisations.
- **Portfolio management:** SIB continues to manage a number of legacy loan portfolios, supporting these customers over the long term. Notably, this includes Communitybuilders, Futurebuilders, Social Enterprise Investment Fund, Forward Enterprise Fund, and the Resilience and Recovery Loan Fund. At the financial year end there were a total of 141 loans with a total of £35.9m under management (including funds that are still open to new applications).
- **Resilient Communities Fund:** The purpose of the grants was to provide support to help organisations navigate the cost of living and energy crisis, build their resilience, and strengthen local communities in the shift to a fairer, greener future. A total of £1.35m was provided to 137 community businesses.
- **Sector Partnerships:** Social Investment Business co-ordinates, hosts and is a member of several sector partnerships:
 - **Social Investment Forum (SIF)** – Secretariat for the national forum for social investment finance intermediaries.
 - **Equality Impact Investing Project (EIIP)** - Founding partner and current host of a ground-breaking initiative that exists to ensure that social impact investing is more fully harnessed to advance Sustainable Development Goal 10 – reducing inequality – in the UK and beyond.
 - **Diversity Forum** - Current host and co-ordinator of a collective on a mission to drive inclusive social investment in the UK, ensuring social investors are more representative of, and more accountable to, the communities they seek to serve.

3 Future Developments

The Youth Investment Fund creates a significant opportunity for SIB to build its profile, its capacity and infrastructure, and its ability to make a bigger difference through its work. It is therefore a central part of the future development to ensure that YIF is a springboard for the 2022-2025 strategy, amplifying and building on an already substantial track record of expertise and experience.

One part of catalysing that work is through the £10m Strategic Designated Reserve, which the board approved in early 2022 to be investment for impact in line with the 2022-2025 strategy. To date, almost £4m has been committed to support a partner organisation, to build internal capability, and to establish a new investment fund:

- Create Equity £333k
- SIB Data & Evaluation £554k
- Enterprising Growth for Communities £3m

Each of these has at minimum been matched by other external funders and investors.

Strategic development work continues at pace, particularly looking at areas of the current strategy where less substantial progress has been made thus far, notably on Net Zero, on the role of social investment in public services, and on new sources of external finance.

4 Main Strategic Risks

SIB 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 together with actions that can be or are being taken in mitigation is analysed according to its perceived potential impact, likelihood of occurrence together with actions taken in mitigation.

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

- Using our charitable **resources efficiently** in an effective way in relation to control pricing, minimise costs, increase profitability and maintain a healthy Balance Sheet position.
- Having a highly motivated and skilled team of **people** collaborating across a remotely based organisation - mitigated by an updated people strategy, and revised internal communications and collaboration to embed a permanent flexible working model that helps achieve operational excellence.
- IT & business **systems** infrastructure - mitigated by ownership at senior level, clear strategic systems plan including migration to full cloud-based integrated solutions with multi-factor authentication and roll-out of cyber-security, fraud and anti-money laundering training to all staff.
- Having a clear approach to **impact** and embedding it in our activity - mitigated by framework, senior oversight, internal work with teams and Committees to understand impact within the decision-making process, using common formatting, questions and metrics for all applications as well as adopting a renewed culture of continuous professional development.
- Failing to deliver on contracts or within partners expectations as well as potential negative publicity either directly or by association would impact on our **reputation**. Mostly around YIF as the most significant impact.
- Failing to properly engage with our customer base or incorporate **customer** insight into service planning, design and delivery limits our ability to meet customer needs, to innovate and improve, and to be an inclusive social investor.

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

Trustees 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.

5 Going Concern

The Trustees have reviewed the forecasts for each company in the group, covering a period of 12 months from the date of signing these financial statements with concentration on the overall group position as the parent Charity (SIBF) would underwrite any losses in its subsidiaries.

Where SIB's own funds are directly invested, SIB has continued to retain a cautious provisioning position to ensure any future risk is mitigated and continues to monitor performance at quarterly investment committee meetings.

The entities within the group, are anticipated to have sufficient cash resources for at least 12 months following the date of signing these financial statements. As a result, the Trustees 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

The Statement of Financial Activities (SOFA) shows that the Group's unrestricted reserves increased by £2.7m (2022: increased by £18.1m). Restricted reserves decreased by £8.6m inclusive of £7m recycled funds repaid to DCMS as part of the annual review (2022: decreased by £18.7m, £534k returned to DCMS).

Unrestricted income, including transfers from restricted funds, decreased by £12.0m to £8.7m (2022: £20.7m) inclusive of £2.6m released from the Community Builders Funds (2022: £21m released). Unrestricted expenditure increased by £3.0m to £6.3m (2022: £3.3m), due to increased activity in the year.

For full detail of this year's performance by the subsidiaries see Note 29 to the Group Accounts.

7 Reserves Policy

The Trustees have ultimate responsibility for ensuring SIBF has an effective Group Reserves Policy. The reserve policy is established to ensure that each company has adequate reserves and/or retained profits to meet the current and future needs of the business, whilst taking into consideration the requirements of the individual subsidiaries and ensuring they comply with the Charities SORP and the Companies Act 2006. The policy is reviewed each year.

The policy is to balance the goal of sustainability with the aim of being efficient as a not-for-profit organisation. Decisions on the appropriate, sustainable levels of reserves will be informed by a combination of short-term working capital requirements, projected levels of operating costs, estimates of contract exit costs and availability of funds for new business development. The reserves are to be held in cash or cash equivalent securities.

SIBF's reserves policy stipulates that the cash and reserves position is to be sufficient to cover a minimum of 6 months operating costs and to enable SIBF to develop new initiatives in support of its charitable objects. With 6 months operating costs estimated at £1.8m excluding direct cost for the Youth Investment Funds (YIF) which would be recovered directly from Department for Digital, Culture, Media & Sport (DCMS), the Trustees have agreed a target reserves of £1.5m to £2.0m. At the end of the year, the Group's free unrestricted reserves stood at £23.5m.

8 Treasury Management Policy

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

SIBF has several bank accounts across which funds are deposited to spread risk, our policy limits a maximum of £10m in any individual bank which must ideally have a positive view to ethical investment and have a green/amber rating on the Ethical Company Index (scoring over 50%) or should have adopted the Equator Principles and be listed on the current Equator Principles Financial Institutions (EPFIs) in line with our key principle of security for our assets. These limits are regularly reviewed, having been reviewed and agreed by the Audit and Finance Committee in 2023.

We continue to hold assets on behalf of funds that are not our own. We therefore have significant amounts of money held in cash, because this money can be called upon to be disbursed or returned to its owners at short notice.

9 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 SIBL is a private company limited by guarantee and a subsidiary of SIB Foundation.

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

SIBFM and SIB Loans are private companies limited by shares, with SIBF as the sole shareholder.

(b) Governance and Decision Making

The governance structures and decision-making processes for all the companies in the Group are laid out in the relevant articles of association. In this financial year all the recommendations were enacted following the previous year's NCVO governance review in line with the Charity Governance Code this included setting up an internal Governance Working Group as well as a Governance Committee.

SIBF is governed by seven members of the Board of Trustees. During the year the following Board Subcommittee Structure were in place:

- SIBF Investment Committee (quarterly)
- Group Audit & Finance Committee (quarterly)
- Group Governance Committee (quarterly)
- Group Remuneration Committee (meets as required, usually annually)

**SOCIAL INVESTMENT BUSINESS FOUNDATION
REPORT OF THE BOARD OF TRUSTEES (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023**

SIB Limited has a Board comprising seven Non-Executive Directors, these govern SIBL and retain governance rights and a supervisory role over FBE. FBE's Board of Directors is the Executive Senior Management Team of SIBL.

For the Group we also ensure that governance and decision-making processes are in line with and enable us to meet contractual obligations set out in all agreements with external parties.

The Directors delegated the day-to-day management of the Group to the Executive team. The Executive team throughout the year were:

➤ Nicolas Temple	Chief Executive
➤ Nishit Chikhliia	Director of Finance
➤ Robert Benfield	Director of Investments
➤ Genevieve Maitland Hudson	Deputy CEO, Director of Learning & Influence
➤ Shelby Jane Bradley	Director of People & Values

Details of the Trustees who served during the year and to the date of signing the financial statements are shown on page 2 of this report. Five Trustees are also Directors of SIBL.

Each member agrees to contribute £1 in the event of the charity winding up. The remaining Founder Member, Locality, has the right to nominate a representative to sit on the Board of Trustees.

The Trustees are committed to ensuring that the Boards have the combination of skills necessary to support the effective provision of finance to charities and community enterprises. We will ensure that our Board of Trustees includes skills and expertise in the following areas: banking and investment, community regeneration and social enterprise, business, commercial law and financial and risk management.

(c) Public Benefit Statement

The Trustees have considered the Charity Commission's general guidance on public benefit when reviewing our aims and objectives and in planning our future activities. We are mindful of the need to ensure that all funds and activities will deliver public benefit and help us to meet our aims and objectives and are also taking account of Charity Commission guidance around non-charitable organisations.

The Trustees have a duty to include in this Annual Report a statement on the Charity's public benefit and demonstrate that:

- They are clear about what benefits are generated by the activities of the Charity.
- The benefits and beneficiaries are related and appropriate to the Charity's objects and aims.

We have set out under 'Objectives and Activities' above how we deliver public benefit against our charitable objectives.

(d) Fundraising statement

Section 162a of the Charities Act 2011 requires charities to make a statement regarding fundraising activities. Although we do not undertake widespread fundraising from the general public, the legislation defines fund raising as "soliciting or otherwise procuring money or other property for charitable purposes." Such amounts receivable are presented in our accounts as "voluntary income" and includes legacies and grants.

In relation to the above we confirm that all solicitations are managed internally, without involvement of commercial participators or professional fundraisers, or third parties. The day-to-day management of all income generation is delegated to the Executive team accountable to the Trustees.

SIBF is not bound by any undertaking to be bound by any regulatory scheme and the SIBF does not consider it necessary to comply with any voluntary code of practice.

We have received no complaints in relation to fundraising activities. Our terms of employment always require staff to behave reasonably; as we do not approach individuals for funds, we have not specified this to fundraising activities nor do we consider it necessary to design specific procedures to monitor such activities.

**SOCIAL INVESTMENT BUSINESS FOUNDATION
REPORT OF THE BOARD OF TRUSTEES (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023**

(e) Related parties

Related party transactions are referred to in detail in Note 27 to the financial statements.

(f) Disclosure of Information to Auditor

In so far as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware
- the Trustees 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 Trustees report, incorporating the Strategic Report was approved by the Trustees of SIB Foundation on 27th September 2023 and signed on their behalf.



Rt Hon Hazel Blears

Chair

Date: 27th September 2023



Jagjit Dosanjh-Elton

Trustee

Date: 27th September 2023

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees (who are also directors of SIBF for the purposes of company law) 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 Trustees to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Trustees 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 Group and Charity and of the incoming resources and application of resources, including the income and expenditure, of the Group for that period.

In preparing these financial statements, the Trustees 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 Charity will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Charity's transactions and disclose with reasonable accuracy at any time the financial position of the Charity 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 Charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees 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.

Opinion

We have audited the financial statements of Social Investment Business Foundation (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 March 2023 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Company Balance Sheets, the Consolidated Cash Flow Statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 March 2023 and of the group's incoming resources and application of resources, including its income and expenditure, 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 group and parent charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' 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 group's or parent charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Report, which includes the Directors' Report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report included within the Trustees' 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 group and the parent charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report included within the Trustees' Report.

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

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

Responsibilities of trustees

As explained more fully in the Statement of Trustees' responsibilities set out on page 10, the trustees (who are also the directors of the charitable company for the purposes of company law) 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 trustees 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 trustees are responsible for assessing the group's and parent charitable 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 trustees either intend to liquidate the group or parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF SOCIAL INVESTMENT BUSINESS FOUNDATION FOR THE YEAR ENDED 31 MARCH 2023

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

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

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

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, Charities SORP (FRS 102), Companies Act 2006, Charities Act 2011, the parent charitable company's governing document, tax legislation and Charities (Protection and Social Investment) Act 2016. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing the financial statements including the Trustees' Report, remaining alert to new or unusual transactions which may not be in accordance with the governing documents, inspecting correspondence with local tax authorities and evaluating advice received from external advisors.

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

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

Use of our report

This report is made solely to the charitable 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 charitable 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RSM UK Audit LLP

NICHOLAS SLADDEN (Senior Statutory Auditor)
For and on behalf of RSM UK AUDIT LLP, Statutory Auditor
Chartered Accountants
25 Farringdon Street
London
EC4A 4AB

Date: 28 September 2023
Date:.....

SOCIAL INVESTMENT BUSINESS FOUNDATION
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (incorporating income and expenditure account)
FOR THE YEAR ENDED 31 MARCH 2023

	Notes	Unrestricted Funds 2023 £'000	Restricted Funds 2023 £'000	Group 2023 £'000	Group 2022 £'000
Income from:					
Donations	2	181	-	181	325
Charitable activities:					
Investment income	3	172	1,432	1,604	2,008
Fund management income	4	4,651	152	4,803	1,276
Grant income	4	-	15,565	15,565	5,115
Other income	5	253	145	398	344
Total income		<u>5,257</u>	<u>17,294</u>	<u>22,551</u>	<u>9,068</u>
Expenditure on:					
Charitable activities:					
Fund management costs	6	(6,321)	(810)	(7,131)	(4,871)
Fund costs - grants awarded	8	-	(15,612)	(15,612)	(5,115)
Repayments to DCMS	8	-	(7,000)	(7,000)	(534)
Total expenditure		<u>(6,321)</u>	<u>(23,422)</u>	<u>(29,743)</u>	<u>(10,520)</u>
Net movement on investments					
Investment provision decrease	8	355	1,062	1,417	906
Net gain on investments	16	101	-	101	-
		<u>456</u>	<u>1,062</u>	<u>1,518</u>	<u>906</u>
Net expenditure		<u>(608)</u>	<u>(5,066)</u>	<u>(5,674)</u>	<u>(546)</u>
Transfers between funds	22	<u>3,311</u>	<u>(3,311)</u>	<u>-</u>	<u>-</u>
Net income/(expenditure) before tax	9	<u>2,703</u>	<u>(8,377)</u>	<u>(5,674)</u>	<u>(546)</u>
Corporation tax charge	11	-	(244)	(244)	(41)
Net movement in funds		<u>2,703</u>	<u>(8,621)</u>	<u>(5,918)</u>	<u>(587)</u>
Reconciliation of funds					
Funds brought forward at 1 April		<u>20,782</u>	<u>28,240</u>	<u>49,022</u>	<u>49,609</u>
Funds carried forward at 31 March		<u>23,485</u>	<u>19,619</u>	<u>43,104</u>	<u>49,022</u>

The notes on page 17 to 42 form part of these financial statements.

**SOCIAL INVESTMENT BUSINESS FOUNDATION
CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2023**

Company No 05777484

		Group		Foundation	
	Notes	2023	2022	2023	2022
		£'000	£'000	£'000	£'000
Fixed assets					
Intangible fixed assets	12	20	-	-	-
Tangible fixed assets	13	-	-	-	-
Mixed motive investments - loans to investees	14	26,771	31,514	3,628	4,402
Mixed motive investments – other investments	15	2,556	1,768	2,556	1,768
Investments - loan to subsidiary		-	-	16	78
Investment in subsidiary	29	-	-	3,000	3,000
Investments	16	9,914	-	9,914	-
		<u>39,261</u>	<u>33,282</u>	<u>19,114</u>	<u>9,248</u>
Current assets					
Debtors	17	2,399	862	1,237	100
Short term deposits		7,243	13,179	7,243	13,179
Cash at bank and in hand		8,661	24,307	2,705	8,008
		<u>18,303</u>	<u>38,348</u>	<u>11,185</u>	<u>21,287</u>
Current liabilities					
Creditors: amounts falling due within one year	18	(3,007)	(1,708)	(135)	(147)
		<u>(3,007)</u>	<u>(1,708)</u>	<u>(135)</u>	<u>(147)</u>
Net current assets		15,296	36,640	11,050	21,140
Total assets less current liabilities		54,557	69,922	30,164	30,388
Creditors: amounts falling due after more than one year					
Amounts owed to fund co-investors	20	(11,453)	(20,900)	-	-
Net assets		<u>43,104</u>	<u>49,022</u>	<u>30,164</u>	<u>30,388</u>
Funds					
Unrestricted funds	22	23,485	20,782	22,748	20,351
Restricted funds	22	19,619	28,240	7,416	10,037
Total funds	22	<u>43,104</u>	<u>49,022</u>	<u>30,164</u>	<u>30,388</u>

The notes on page 17 to 42 form part of these financial statements.

SIBF has taken advantage of the exemption in section 408 of the Companies Act 2006 not to present its own Statement of Financial Activities. The deficit for the year incurred by the Foundation was £224k (2022: surplus of £186k).

These financial statements were approved by the Board of Directors on 27th September 2023 and were signed on its behalf by:



Rt Hon Hazel Blears
Chair



Jagjit Dosanjh-Elton
Trustee

**SOCIAL INVESTMENT BUSINESS FOUNDATION
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2023**

	Notes	2023 £'000	2022 £'000
Operating activities			
Cash used in operating activities	24	(9,100)	(3,080)
Income taxes paid		(35)	-
Net cash used in operating activities		(9,135)	(3,080)
Cash flows from investing activities			
Payment from associate		(794)	3,829
Proceeds of new borrowings		2,700	-
Repayments of borrowings		(12,147)	-
Purchase of investments		(10,000)	-
Purchase of intangible fixed assets		(27)	-
Investment income		1,604	2,008
Payments for financial investments		(5,063)	(8,241)
Repayments from mixed motive investments		11,280	15,460
Net cash (used in)/generated by investing activities		(12,447)	13,056
Net increase in cash and cash equivalents		(21,582)	9,976
Cash and cash equivalents at the beginning of the year		37,486	27,510
Cash and cash equivalents at the end of the year		15,904	37,486
Analysis of cash and cash equivalents			
		2023 £'000	2022 £'000
Cash		8,661	24,307
Short term deposits		7,243	13,179
		15,904	37,486

The notes on page 17 to 42 form part of these financial statements.

1 Significant accounting policies

(a) Reporting entity

Social Investment Business Foundation (SIBF) is a private company limited by guarantee (company number 05777484) and a registered charity (charity number 1117185), registered and domiciled in England and Wales. The principal activities of the Group are documented in the Trustees' Report. The registered office address of SIBF and its subsidiaries is CAN Mezzanine, 7-14 Great Dover Street, London SE1 4YR.

The Group consists of the ultimate parent SIBF (the Foundation) and its subsidiaries: The Social Investment Business Limited (SIBL - 100% owned), Futurebuilders England Limited (FBE - 100% owned), Social Investment Business FM Ltd (SIBFM - 100% owned) and Social Investments Business Loans Limited (SIB Loans - 100% owned). All subsidiaries are included in the consolidated financial statements of SIBF. Both SIBL and FBE have traded under the name of the Social Investment Business since 28 July 2009.

The Group is authorised for the Communitybuilders Fund, Futurebuilders Fund, Modernisation Fund, and the Resilience and Recovery Loan Fund, as the fund manager, to act as the principal, therefore all transactions relating to these funds are recorded in the Statement of Financial Activities and the Balance Sheet. The Group acts as principal for the Access Reach and Access Impact Grants.

The Group is authorised by the Social Enterprise Investment Fund (SEIF), as the fund manager, to act as the agent, therefore transactions relating to this fund are not part of the financial statements of the Group. Income received for managing the fund and the cost associated with managing the fund are recorded in the financial statements.

(b) Basis of preparation

These financial statements for the Group are prepared on the going concern basis, under the historical cost convention, and in accordance with the Charities Act 2011, Companies Act 2006, and applicable accounting standards in the United Kingdom. These financial statements have also been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019).

The Foundation constitutes a public benefit entity as defined by FRS 102. The financial statements are prepared in sterling, both the functional and presentational currency of the Group. Financial values are rounded to the nearest £'000.

The Foundation has chosen to take advantage of the exemption from disclosing the following information in its company only accounts, as permitted by the reduced disclosure regime within FRS 102:-

- Section 7 'Statement of Cash Flows' – *Presentation of a Statement of Cash Flows and related notes and disclosures.*

The financial statements of the Foundation are consolidated in the financial statements of SIBF. The consolidated financial statements of SIBF are available from CAN Mezzanine, 7-14 Great Dover Street, London SE1 4YR.

(c) Going concern

The Trustees have reviewed the forecasts for each company in the group, covering a period of 12 months from the date of signing these financial statements with concentration on the overall group position as the parent Charity (SIBF) would underwrite any losses in its subsidiaries.

Where SIB's own funds are directly invested, SIB has continued to retain a cautious provisioning position to ensure any future risk is mitigated and continues to monitor performance at quarterly investment committee meetings.

The entities within the group are anticipated to have sufficient cash resources for at least 12 months following the date of signing these financial statements. As a result, the Trustees have not identified any material uncertainties and therefore consider it appropriate for the accounts to be prepared on a Going Concern.

1 Significant accounting policies (continued)

(d) Basis of consolidation

The financial statements consolidate the results of the Foundation and its subsidiary undertakings on a line-by-line basis. The entities consolidated are those listed in the Note 29. All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. SIBF has taken advantage of the exemption in section 408 of the Companies Act 2006 not to present its own Statement of Financial Activities.

(e) Fund accounting

Restricted funds

Restricted funds are to be used for specific purposes either laid down by the funder or specified in each agreement for the benefit of identified beneficiaries. Expenditure incurred by the Foundation for these purposes is charged to the fund, together with a fair allocation of overheads, support costs and interest income.

Unrestricted funds

Unrestricted funds are available for use against operating costs in delivery of specific funds as stated in the service agreements in place and within the overall price therein, but at the Trustees' discretion in how delivery is achieved within that price. Where contracts might place restrictions on any gains, any cost savings are repayable to the appropriate funder on a basis specified in the contract. Fees payable to the Group for the management of restricted funds are unrestricted and are transferred from restricted to unrestricted funds.

Unrestricted funds include designated funds where the Trustees, at their discretion, have created a fund for a specific purpose. Further details of each fund are disclosed in Note 22.

(f) Investment in subsidiaries

In the separate accounts of the Foundation, interests in subsidiaries and associates are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. Interest in subsidiaries and associates are assessed for impairment at each reporting date. Any impairment losses or reversals of impairment losses are recognised immediately in the Statement of Financial Activities.

(g) Investment in associate – SASC

During 2013, SIBF acquired a 29% share of SASC – entitling the Group to a 51% share of all future profit distributions. The investment in this associate had been accounted for using the equity method – with the initial investment recognised at cost which is considered to be the fair value of the consideration paid by the Group. The carrying amount of the investment was increased or decreased to recognise the Group's share of the profit or loss of SASC - and this profit or loss was reflected in the Group's results for the prior period. During the prior year, SIBF's exit of SASC's CIF reduced its share of SASC down to 14.5%.

Further details of this transaction can be seen in note 14.

1 Significant accounting policies (continued)

(h) Income

All income is included in the Statement of Financial Activities when the Group is legally entitled, receipt is probable and the amount can be measured reliably, and performance related conditions are fulfilled.

Investment income, including associated tax, relating to both unrestricted and restricted funds, is recognised when receivable.

Fund management fee income is recognised when the Group is entitled to the income based on the fund management contract. 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.

In some circumstances, the Group acts as agent with regard to the distribution certain funds, payments received in relation to these funds and subsequent disbursements to the intended recipients are excluded from the Statement of Financial Activities as the Group does not have control over the charitable application of the funds. Funds received but not disbursed at the year end are included in other creditors on the balance sheet. Details of these are disclosed within Note 31.

Grant income, where the Group operates as principal, are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

Pro bono activities

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

(i) Expenditure

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party and on an accruals basis in the period in which they are incurred. Resources expended include attributable VAT when this cannot be recovered.

Costs incurred on charitable activities comprise all the resource applied by the Group in undertaking its charitable objectives. Expenditure is allocated between:

- expenditure incurred directly to the fulfilment of the Foundation's objectives
- expenditure on the governance infrastructure which allows the Foundation to operate and to generate the information required for public accountability.

Items of indirect expenditure are apportioned on an appropriate basis as follows:

- Within governance costs, staff time is attributed on an analysis of time spent on the various activities.
- Fund management costs and costs of generating funds are allocated as incurred and according to time spent.
- Premises and operational costs are allocated pro rata to staff time.

Governance costs are costs incurred in connection with meetings of the Board of Trustees and Committees of the Group, fees paid to the statutory auditor, internal auditor and legal fees where they are not for services provided in relation to fund management activities. The expenditure classed as governance costs has been detailed in Note 7, and these costs have been allocated over fund management costs on the basis of staff time spent on these activities.

1 Significant accounting policies (continued)

(j) Expenditure (continued)

Support costs are functions that assist the work of the Foundation but do not directly undertake charitable activities. Support costs include back office costs, finance and human resources. The basis on which support costs have been allocated are set out in Note 7.

Funds to be returned for recycling are recognised only when their return is formally notified, or requested, by the funder.

Grant expenditure is recognised at the point where the Group has a legal or constructive obligation to make a payment, the grant has been approved and communicated to the recipient. Loan offers communicated are recognised as a financial investment in the Balance Sheet only once a disbursement has been made to the investees.

(k) Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets. The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

(l) Defined contribution pension schemes

The Group operates a defined contribution pension scheme. Contributions to the pension scheme are recognised as an expense in the Statement of Financial Activities as incurred. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

(m) Operating leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight-line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(n) 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 balance sheet date.

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

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.

The Group's subsidiaries are liable for corporation tax on their operating profits, to the extent not gift-aided to the holding charity.

(o) Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Website and software licenses	3-5 years (20% - 33% per annum)

1 Significant accounting policies (continued)

(p) 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 consolidated Statement of Financial Activities 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:

Office equipment & IT	3-5 years (20% - 33% per annum)

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

(q) Financial investments

Financial investment loans, equivalent to mixed motive investments, are recognised at the point of the disbursement under the conditions set out in the loan. Financial investment loans are subsequently carried at amortised cost, being transaction price less any amounts settled and any impairment losses as assessed.

Trade investments are equity investments over which the Group has no significant influence, joint control or control and are initially measured at transaction price. Transaction price includes transaction costs, except where trade investments are measured at fair value through profit or loss when transaction costs are expensed to profit or loss as incurred.

Trade investments are initially recognised at their transaction value and subsequently measured at their fair value through profit or loss as at the balance sheet date using the closing quoted market price.

(r) Financial instruments

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

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

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

Basic financial assets

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

Derecognition of financial assets and liabilities

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some (but not substantially all) risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

1 Significant accounting policies (continued)

(r) Financial instruments (continued)

Classification of financial liabilities

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

Basic financial liabilities

Basic financial liabilities, which include trade and other creditors, amounts owed to group undertakings and accruals, are initially recognised at transaction price and subsequently measured at amortised cost, being transaction price less any amounts settled. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Concessionary loans

Concessionary loans are initially measured at the amount paid. In subsequent years, the carrying amount of concessionary loans is adjusted to reflect any interest receivable, where relevant."

(s) Provisions

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense and is included in "finance costs".

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

The Group makes specific provisions for impairment against loans when, as a result of frequent monitoring and review by the Investment Committees, it is considered that recovery is doubtful. A calibrated risk approach to the investment books of the Futurebuilders, Modernisation, Communitybuilders, Adventure Capital Funds, Forward Enterprise Fund, Liverpool LIF, Resilience & Recovery Loan and Recovery Loan Funds results in a further general provision being made to the financial investments, after taking account of individual specific provisions. Provisions made during the year, less amounts released, are charged to the Statement of Financial Activities and are netted off against financial investments in the Balance Sheet.

(t) Cash and cash equivalents

All cash held in accounts of less than 90-day notice is treated as cash and, classified as a deposit if notice is required to draw down cash.

(u) Critical accounting judgements and estimates

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Foundation's accounting policies and the reported assets, liabilities, income and expenditure and the disclosures made in the financial statements. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The key areas that are deemed to be material for these financial statements are as follows:

Significant judgement and estimates – provisions on financial investment loans

Significant judgements and estimates have been used in the calculation of both specific and risk calibrated provisions which are deducted from financial investments after the deduction of specific provisions. These provisions are calculated by applying impairments to financial investments after assessing their likelihood of default based on financial and subjective metrics.

In respect of financial investments, the amount of specific provisions is £6.8m (2022: £13.9m), and the risk calibrated provision applied to the financial investments is £1.2m (2022: £1.6m).

**SOCIAL INVESTMENT BUSINESS FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023**

1 Significant accounting policies (continued)

(u) Critical accounting judgements and estimates (continued)

Futurebuilders England Limited fund treatment

The contracts dated 1 April 2011 between Cabinet Office and SIBL and between Cabinet Office and FBE to manage the funds advanced by Cabinet Office to FBE expired on 31 March 2013. Those contracts expressly stated that FBE was acting as principal and on this basis, and taking into account the substance of the relationship with Cabinet Office, the assets and liabilities of FBE were fully consolidated in the accounts of the Group at 31 March 2013 and previous years and the monies advanced by Cabinet Office were treated as restricted funds.

This contract was replaced by a new contract between SIBL and Cabinet Office which ran from 1 April 2013 to 31 March 2016. Although there are some differences between the previous contract and the new contract the governance arrangements, and the substance of the relationship between SIBL and Cabinet Office with regard to the management of these funds, remain largely unchanged, with the contract extended to March 2026.

In particular, Cabinet Office has advised that, in its opinion, FBE continues to act as principal under the contract and the contract specifically states that FBE "will hold the assets and liabilities of the fund on its Balance Sheet" although the new contract does not have an express statement confirming that FBE acts as principal not as agent.

However, the directors agree with the stance taken by Cabinet Office on the basis that FBE has discretion over whom funds are distributed to. In addition, all loan agreements are between FBE and the investee and not with the DCMS. In all these circumstances, the assets and liabilities of FBE continue to be fully consolidated in the Group's accounts at 31 March 2023 and the monies advanced by Cabinet Office continue to be treated as restricted funds. However, under the new contract, the Cabinet Office:

- has the right to terminate the contract at any time by giving at least three months' notice;
- will be given all shares in FBE for no consideration at the end of such notice period, and
- can require FBE to "deal with the Funds in the manner directed by Cabinet Office".

If the above were to occur, there would be a change in the nature of the relationship with Cabinet Office and in the substance of the agreement with SIBL. In such circumstances, the Group would immediately recognise in its accounts:

- a disposal of a subsidiary undertaking for no consideration should Cabinet Office serve notice to terminate the contract; or
- a liability should Cabinet Office make a request for funds to be returned to them.

The Futurebuilders contract with the Cabinet Office was transferred to DCMS during 2016/17.

2 Donations

	Group 2023 £'000	Group 2022 £'000
Pro bono legal services	181	325
	<u>181</u>	<u>325</u>

Pro bono services relate to activities received from professional service providers and are included within donations. Governance costs have been grossed up by an equivalent amount.

In 2023, £Nil of the donation income (2022: £Nil) was attributable to restricted funds with £181k (2022: £325k) being attributable to unrestricted funds.

SOCIAL INVESTMENT BUSINESS FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

3 Investment income

	Group 2023 £'000	Group 2022 £'000
By funding:		
Adventure Capital Fund (ACF)	13	23
Futurebuilders Fund	449	219
Forward Enterprise FM Limited	9	18
Liverpool Local Impact Fund (Liverpool LIF)	6	10
Communitybuilders Fund	118	152
Resilience & Recovery Loan Fund	695	1,578
Recovery Loan Fund	230	8
First Step Enterprise Funds (FSE)	1	-
Other investment income	83	-
	1,604	2,008
By nature:		
Interest on investments	1,373	2,007
Interest on bank deposits	231	1
	1,604	2,008

In 2023, £1,432k of the investment income (2022: £1,856k) was attributable to restricted funds with £172k (2022: £152k) being attributable to unrestricted funds.

4 Fund management income and grant income

	Group 2023 £'000	Group 2022 £'000
Fund management fees	4,803	1,276
Grant income	15,565	5,115
Total fund management income	20,368	6,391

Fund management fees are derived from managing grant and loan funds, of which £152k (2022: £323k) is attributable to restricted funds and £4,651k (2022: £953k) is attributable to unrestricted funds. For both the current and prior year all grants under management are restricted income (2022: all grants under management are restricted income).

5 Other income

	Group 2023 £'000	Group 2022 £'000
Other income including Business Support income	398	344
	398	344

Business Support income is for support provided to investees by staff and external consultants under the Communitybuilders Fund and the Social Enterprise Investment Fund and which has been recharged to these funds. In 2023, £253k (2022: £151k) of the other income was attributable to unrestricted funds and £145k (2022: £193k) was attributable to restricted funds.

SOCIAL INVESTMENT BUSINESS FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

6 Analysis of direct and support costs

	Group 2023 £'000	Group 2022 £'000
Direct costs		
Staff costs	1,664	1,332
Premises and operational	342	294
Legal and other professional	-	25
Operating leases for land and buildings	11	44
Business consultants - investee support	32	23
Other consultancy	334	209
Other direct costs	2,527	117
Direct fund management	556	1,233
Support costs		
Governance	558	592
Support costs	1,107	1,002
	<u>7,131</u>	<u>4,871</u>

In 2023, £810k (2022: £1,586k) of the fund management costs was attributable to restricted funds and £6,321k (2022: £3,285k) was attributable to unrestricted funds.

7 Allocation of governance and support costs

Governance and support costs comprise the following:

	Group 2023		Group 2022		Basis of appointment
	Governance £'000	Support Costs £'000	Governance £'000	Support Costs £'000	
Staff costs	99	786	88	687	Staff time
Premises and operational	19	162	20	152	Staff time
Legal and other professional	-	61	-	6	Invoices
Pro bono legal fees	181	-	325	-	
Board and investment committee costs	142	-	61	-	Invoices
Auditors' remuneration - audit services	55	-	48	-	Governance
Auditor's remuneration - non audit services	54	-	38	-	Governance
Internal audit	6	-	1	-	Governance
Other consultancy	2	98	2	96	Staff time
Other support costs	-	-	9	61	Staff time
	<u>558</u>	<u>1,107</u>	<u>592</u>	<u>1,002</u>	

SOCIAL INVESTMENT BUSINESS FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

8 Grants paid	Group 2023 £'000	Group 2022 £'000
Grants awarded	15,612	5,115

The Foundation undertakes its charitable activities through grant making and awarding grants to a number of individuals and institutions in furtherance of its charitable activities. All grants are restricted funds (2022: all grants are restricted funds). For both the current and prior year all grants paid were from restricted funds.

Recipients of grants:	2023		2022	
	No. of grants	£'000	No. of grants	£'000
Arts, Heritage, Sports and Faith	20	235	31	764
Citizenship and Community	37	439	40	606
Conservation of the Natural Environment	11	115	6	50
Employment	8	120	13	331
Family, Friends and Relationships	3	25	4	230
Housing and Local Facilities	11	112	16	205
Income and Financial Inclusion	4	23	6	313
Mental Health and Wellbeing	77	983	93	1,269
Physical Health	8	75	14	574
Training and Education	21	277	37	571
Other	80	388	16	128
Youth Investment Funds	88	10,903	-	-
		13,695		5,041
Grants awarded but not disbursed				
Youth Investment Funds		1,604		-
Conservation of the Natural Environment		244		-
Mental Health and Wellbeing		69		-
Other		-		74
		15,612		5,115

	Notes	Group 2023 £'000	Group 2022 £'000
Amounts repaid to the DCMS		7,000	534
Investment provisions/write offs made in year:			
<i>Write offs</i>			
Capital	14	6,107	1,757
Interest		323	104
		6,430	1,861
<i>Provisions</i>			
Capital	14	(7,582)	(2,578)
Interest		(269)	(130)
		(7,851)	(2,708)
<i>Other adjustments</i>			
Investment in SASC		4	(59)
Net income related to fund costs		(1,417)	(906)

In 2023, income of £1,062k (2022: £256k) was attributable to restricted funds with income of £355k (2022: £650k) attributable to unrestricted fund.

SOCIAL INVESTMENT BUSINESS FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

9 Net income/(expenditure) for the year

	Group 2023 £'000	Group 2022 £'000
Net income/(expenditure) for the year is stated after charging:		
Amortisation of intangible fixed assets	7	-
Operating leases for land and buildings	11	44
Auditor's remuneration - audit services	55	48
Auditor's remuneration - non audit services	54	38
Internal audit	<u>6</u>	<u>1</u>

10 Staff costs

	Group 2023 £'000	Group 2022 £'000
Wages and salaries	2,166	1,778
Social security costs	236	186
Other pension costs	147	143
	<u>2,549</u>	<u>2,107</u>

Included in the figures above are payments made to key management personnel (including employer pension contributions, and employer national insurance contributions) defined as Directors and the Group Senior Management Team (CEO, Director of Finance, Deputy CEO, Director of Investments, Director of Grants, and Director of People & Values). Remuneration for the 6 members of the Group Senior Management Team totalled £621,599 (2022: 6 members, £558,583) including pension payments of £37,730 (2022: £37,594) and employers national insurance of £57,833 (2022: £55,153).

The payments to Directors of SIBF Board are for their services to the Group. Authority for remunerating directors is included within the memorandum and articles of SIBF. The total SIBF directors' remuneration is £12,480 (2022: £12,480) of which the Chair is paid £12,480 (2022: £12,480). The Chair is paid by SIBL £27,310 (2022: 27,156 of which £12,480 is recharged to SIBF).

Payments are also made to the Directors of SIBL, a subsidiary of SIBF. The total SIBL director remuneration costs are £46,715 (2022: £52,231) of which £Nil (2022: £Nil) relates to pension payments. This means that the total Group Trustee and Director costs amounted to £59,195 (2022: £64,711) including pension payments of £Nil (2022: £Nil).

The monthly average number of employees during the year was as follows:

	Group 2023 No	Group 2022 No
Operational staff	39	34
Management staff	6	6
	<u>45</u>	<u>40</u>

The number of employees whose employee benefits (excluding employer pension costs and employer national insurance contributions) exceeded £60,000 was:

£60,000 - £69,999	9	4
£70,000 - £79,999	2	3
£80,000 - £89,999	3	2
£100,000 - £109,999 *	-	1
£110,000 - £119,999 *	1	-
	<u>15</u>	<u>10</u>

*Includes the Chief Executive

No members of operational staff were employed by the parent company SIBF (2022: one).

10 Staff costs (continued)

Board, Investment Committee and Directors' remuneration

Board, Investment Committee and Directors' remuneration are payments to members of the SIBL and SIBF Board for their services to the Group. Authority for remunerating Directors is included within the memorandum and articles of SIBF. Gavin Keyte appointed on 28 September 2022 and Richard Pelly resigned on 8 December 2022.

	Salary		Expenses	
	2023	2022	2023	2022
	£	£	£	£
Rt Hon Hazel Blears	27,310	27,156	-	-
Richard Pelly OBE	5,250	7,000	-	-
James Rice	4,000	4,023	-	-
Jeremy Nicholls	-	1,913	-	-
Jenny North	4,000	4,000	-	-
Amina Ahmad	4,000	9,629	-	-
Jagit Dosanjh-Elton	7,000	7,000	-	-
Anne-Marie Vine-Lott	4,000	3,990	-	-
Gavin Keyte	3,635	-	-	-
	<u>59,195</u>	<u>64,711</u>	<u>-</u>	<u>-</u>

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

Pensions

No pension contributions were paid to Board and Investment committee members during this year or the prior year.

SIBF 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 1 August 2016: 6.79%, 9.06% and 11.33% depending on the level of employee contribution and two rates for all staff employed on 1 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 Group in independently administered funds. The pension cost charge represents contributions payable under the schemes by the Group to the funds.

Included within other creditors are outstanding pension contributions for the Group at the year-end were £37,096 (2022: £36,805).

Other Board, Investment Committee and Directors' costs

A total of £Nil was paid in other Board, Investment Committee and Director costs in the year ended 31 March 2023 (2022: £Nil).

SOCIAL INVESTMENT BUSINESS FOUNDATION
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FOR THE YEAR ENDED 31 MARCH 2023

11 Corporation tax (charge)/credit

SIBF, as a registered charity, is exempt from corporation tax under the Corporation Tax Act 2010 (chapters 2 and 3 of part II, section 466 onwards) or Section 256 of the Taxation for Chargeable Gains Act 1992, to the extent surpluses are applied to its charitable purposes.

FBE is not subject to corporation tax on fund income on drawn down requests in respect of investments to Civil Society Organisations. Corporation tax is chargeable to the restricted fund where it relates to loan interest received. Corporation tax relating to interest accrued is borne by FBE and is included as a charge against the unrestricted management fee.

Any tax-adjusted surplus arising in FBE and SIBL on the payment they receive to cover operational and management costs will be taxable. The tax charge arising on the payment received to cover operational and management costs differs from the surplus/deficit on that payment as follows:

	2023 £'000	2022 £'000
Net expenditure - FBE, FEFM, SIBFM and SIBL		
Net expenditure before taxation	(5,674)	(767)
Tax at 19% thereon	(1,078)	145
Effects of:		
Expenses not deductible for tax purposes	1,386	(92)
Deferred tax adjustment for tax rate change	1	77
Deferred tax not recognized	(6)	(165)
Adjustments in respect of the prior period	-	(6)
Utilisation of tax losses	(59)	-
Actual current tax credit/(charge)	244	(41)

A potential deferred tax asset of £225,664 exists at the year-end (2022: £296,070) relating to fixed asset timing differences and tax losses. This has not been recognised within the financial statements, due to the uncertainty of recognition.

12 Intangible fixed assets

Group	Website & soft ware licenses £'000
Cost	
At 1 April 2022	-
Additions	27
At 31 March 2023	27
Amortisation	
At 1 April 2022	-
Amortisation charged for the year	7
At 31 March 2023	7
Net book value	
At 1 April 2022	-
At 31 March 2023	20

The Foundation had no intangible fixed assets at 31 March 2023 or 31 March 2022.

SOCIAL INVESTMENT BUSINESS FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

13 Tangible fixed assets

	Office equipment and IT £'000
Group and Foundation	
Cost	
At 1 April 2022 and 31 March 2023	244
Accumulated depreciation	
At 1 April 2022 and 31 March 2023	244
Net book value	
At 1 April 2022 and 31 March 2023	-

14 Financial investments

Financial investments are in the form of loans and guarantees and are mixed motive investments. This year the Group have made specific provisions against 2 loans (2022: 2) which may be non-performing. The Trustees believe that the carrying value of the investments is supported by their underlying assets.

	Group		Foundation	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Balance at 1 April	31,514	37,912	4,400	5,273
New loans disbursed	5,063	8,241	68	9
Transfer of FEFM Loan Book	-	-	-	112
Repayments received	(11,280)	(15,460)	(1,200)	(1,432)
Loan balance at 31 March before write off and provisions	25,297	30,693	3,268	3,962
Loans written off	(6,107)	(1,757)	(2,169)	(1,641)
Movement in provisions	7,581	2,578	2,529	2,079
	1,475	821	360	438
Balance at 31 March	26,771	31,514	3,628	4,400

	Group		Foundation	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Maturity of loans and advances:				
Within 1 year	5,508	6,667	870	870
Over 1 year to 5 years	17,983	18,391	1,889	1,889
Over 5 years	3,280	6,456	869	1,641
	26,771	31,514	3,628	4,400

	Group		Foundation	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Provisions brought forward 1 April	15,564	18,142	4,293	6,305
Increase in provisions	279	292	1	258
Provisions written off	(7,860)	(2,870)	(2,529)	(2,270)
Provisions carried forward 31 March	7,983	15,564	1,765	4,293

SOCIAL INVESTMENT BUSINESS FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

14 Financial investments (continued)

SIBF

The Foundation shows a decrease in provision in the year of £2,529k (2022: decrease of £2,079k) comprising a decrease in ACF of £390k (2022: increase of £192k), a decrease in Communitybuilders provision of £2,083k (2022: decrease of £2,149k), a decrease of £2k in East London IF (2022: decrease of £48k), a decrease of £46k in the Liverpool LIF provision (2022: decrease of £73k), a decrease of £7k in Forward Enterprise Fund (2022: decrease of £10k), a decrease of £1k in First Step Enterprise Fund (2022: £Nil) and an increase of £Nil (2022: increase of £9k) in the NCRIF provision.

Futurebuilders England Limited

During the year, no specific provision was made (2022: £Nil). Specific provisions were released across 16 loans totalling £4.91m (2022: £0.41m, 10 loans). In addition, the risk calibrated provision was decreased by £247k (2022: decreased by £194k).

SIB FM Limited

During the year, an additional specific provision of £168k was made on 5 loans (2022: £136k, 2 loans). In addition, the risk calibrated provision was decreased by £174k (2022: decreased by £5k).

SIB Loans Limited

During the year, an additional specific provision of £15k was made on 1 loan (2022: £Nil). In addition, the risk calibrated provision was increased by £94k (2022: increased by £5k).

15 Financial investments – movements in other mixed motive investments

Group and Foundation

	2023 £'000	2022 £'000
<i>CIF</i>		
Opening investment	626	6,081
Investment (disposal) in CIF	-	(5,455)
Closing investment	626	626
Opening provision	(70)	(1,571)
Provision (increase)/recovered	(6)	1,501
Closing provision	(76)	(70)
Balance at 31 March	550	556
<i>SASH</i>		
Opening investment	837	674
Investment in SASH	794	163
Balance at 31 March	1,631	837

SOCIAL INVESTMENT BUSINESS FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

15 Financial investments – movements in other mixed motive investments (continued)

Group and Foundation

	2023 £'000	2022 £'000
TSIF		
Opening investment	1,500	1,500
Closing investment	1,500	1,500
Opening provision	(1,125)	(1,125)
Closing provision	(1,125)	(1,125)
Balance at 31 March	375	375
Total balance at 31 March	2,556	1,768

SASC investment

During 2013, SIBF acquired a 29% share of SASC – entitling the Group to a 51% share of all future profit distributions. The investment in this associate was accounted for using the equity method – with the initial investment recognised at cost which is considered to be the fair value of the consideration paid by the Group. The carrying amount of the investment is increased or decreased to recognise the Group's share of the profit or loss of SASC - and this profit or loss was reflected in the Group's results for the period.

During the prior year, SIBF's exit of SASC's CIF reduced its share of SASC down to 14.5%. The share % of SASC is below the associate threshold and therefore SASC investments and provisions were reclassified from investment in associate to other mixed motive investments.

As at 31 March 2023, SIBF had the remaining commitment of £0.6m to SASC from the Communitybuilders Fund to invest into SASC's CIF, against which there is a provision of £70k. SIBF also committed £1.5m as first loss provision on SASC's Third Sector Loan Fund. It is estimated that £375k of the loss provision will be repaid to SIBF over 10 years, and therefore a provision for the remaining £1.125m is included in the financial statements. SIBF has also committed £2m to SASC's new housing fund, SASH.

16 Financial investments - responsible multi asset fund

	2023 £'000	2022 £'000
Group and Foundation		
Listed investments		
Market value brought forward	-	-
Additions at cost	10,000	-
Cash disbursed through portfolio	(139)	-
Management fees	(48)	-
Net gain on revaluation	101	-
Market value as at year-end	9,914	-
Investments at fair value comprised:		
Equities	6,458	-
Bonds and Alternatives	2,718	-
Cash held within the investment portfolio	738	-
Market value as at year-end	9,914	-

All investments are carried at their fair value. The investments are in the responsible multi asset fund managed by Cazenove. The basis of fair value for quoted investments is equivalent to the market value, using the bid price. Asset sales and purchases are recognised at the date of trade at cost (that is their transactional value).

SOCIAL INVESTMENT BUSINESS FOUNDATION
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FOR THE YEAR ENDED 31 MARCH 2023

17 Debtors: amounts falling due within one year

	Group		Foundation	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Trade debtors	2,039	309	-	-
Investee interest receivable	167	359	53	73
Prepayments and accrued income	193	180	44	22
Amounts owed by subsidiaries	-	-	1,140	5
Other debtors	-	14	-	-
	<u>2,399</u>	<u>862</u>	<u>1,237</u>	<u>100</u>

18 Creditors: amounts falling due within one year

	Group		Foundation	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Trade creditors	204	78	-	-
Other taxation and social security	183	163	-	-
Corporation tax	244	35	-	-
Other creditors	1,933	987	135	147
Accruals	205	165	-	-
Deferred income (note 19)	238	280	-	-
	<u>3,007</u>	<u>1,708</u>	<u>135</u>	<u>147</u>

19 Deferred income

	Group		Foundation	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
As at 1 April 2022	280	244	-	-
Income deferred during the year	23	280	-	-
Amounts released from previous year	(65)	(244)	-	-
As at 31 March 2023	<u>238</u>	<u>280</u>	<u>-</u>	<u>-</u>

Deferred income relates to the arrangement fees received in advance of the loan on disbursement of the loan.

SOCIAL INVESTMENT BUSINESS FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

20 Creditors: amounts falling due in more than one year

	Group		Foundation	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Amounts owed to co-investors:				
Owed to BSC, co-investor in SIBFM	8,753	20,900	-	-
Owed to co-investors in SIB Loans	2,700	-	-	-
	<u>11,453</u>	<u>20,900</u>	<u>-</u>	<u>-</u>

Loan owed to BSC, co-investor in SIBFM

During the prior year, SIBF paid FEFM £243k which was used to settle the amounts owed to co-investors.

BSC Loan Funds are to be repaid bi-annually following the end of the availability period from SIB FM cash balances, after SIBL management fees have been deducted. Accordingly, none of the BSC Loan Funds are expected to be payable within one year and fall due between two and five years.

No security is given over these loans and no interest is charged on the balance.

Loan owed to co-investors in SIB Loans

Co-investor funds in SIB Loans are payable in 10 years, with an availability period of 6 years.

Security on this loan is over the shares of SIB Loans and there is a fixed and floating charge debenture over all assets. 3% interest is charged on this loan.

21 Financial instruments

Group and Foundation

The Group and Foundation has the following financial assets held at fair value through profit or loss:

	2023	2022
	£'000	£'000
Equity investments held at fair value through profit or loss (Note 16)	9,914	-

22 Funds

<i>In year</i>	Balance 1 April 2022 £'000	Income £'000	Expenditure and provisions £'000	Transfers £'000	Balance 31 March 2023 £'000
Group					
Futurebuilders Fund	17,944	467	(6,097)	(336)	11,978
Communitybuilders Fund	2,636	-	-	(2,636)	-
Resilience & Recovery Fund	-	695	(536)	(159)	-
Recovery Loan Fund	2,978	382	(186)	(161)	3,013
Other investment funds	4,682	185	(173)	(19)	4,675
Grant funds	-	15,565	(15,612)	-	(47)
Restricted funds carried forward	28,240	17,294	(22,604)	(3,311)	19,619
Designated funds	-	-	(280)	10,000	9,720
Unrestricted funds	20,782	5,257	(5,585)	(6,689)	13,765
Total funds carried forward	<u>49,022</u>	<u>22,551</u>	<u>(28,469)</u>	<u>-</u>	<u>43,104</u>

SOCIAL INVESTMENT BUSINESS FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

22 Funds (continued)

<i>Previous year</i>	Balance 1 April 2021 £'000	Income £'000	Expenditure and provisions £'000	Transfers £'000	Balance 31 March 2022 £'000
Group					
Futurebuilders Fund	18,330	219	(51)	(554)	17,944
Communitybuilders Fund	23,724	-	-	(21,088)	2,636
Resilience & Recovery Fund	-	1,883	(1,390)	(493)	-
Recovery Loan Fund	-	26	(33)	2,985	2,978
Other investment funds	4,856	244	(431)	13	4,682
Grant funds	-	5,115	(5,115)	-	-
Restricted funds carried forward	46,910	7,487	(7,020)	(19,137)	28,240
Unrestricted funds	2,699	1,581	(2,635)	19,137	20,782
Total funds carried forward	49,609	9,068	(9,655)	-	49,022

In January 2022, the Board approved the creation of a £10m strategic designated reserve to be invested for impact in line with the strategy by March 2026. As at the year end, the Board approved £3.89m worth of proposals including:

- Create Equity £333k (FY23/24)
- Data Evaluation £554k (over 3 years)
- Thrive Together Fund £3m

The Futurebuilders Fund provides loan financing, often combined with grants and professional support, to civil society organisations in England that need investment to help them bid for, win and deliver public service contracts. This fund is closed for new applications.

The Communitybuilders Fund provides loans, grants and business support to multi-purpose, inclusive, community-led organisations (sometimes known as Community Anchors). This restricted fund takes the form of an endowment to SIBF and, on 1 April 2022, the current restrictions were lifted.

The Resilience & Recovery Fund was initiated to support VCSE's faced with financial difficulties due to the Covid-19 disruption and restrictions.

The Recovery Loan Fund represents the carrying value of the net assets of SIB Loans, a wholly owned subsidiary of SIBF, which was set up to manage this fund.

SOCIAL INVESTMENT BUSINESS FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

22 Funds (continued)

Transfers

	Group 2023 £'000	Group 2022 £'000
Transfers to unrestricted funds:		
- Communitybuilders Fund	2,636	15,529
- Investment in SASC	-	5,559
- Forward Enterprise Fund	-	(46)
Transfers to restricted funds:		
- Recovery Loan Fund	-	(3,000)
Transfers to management fees:		
- Communitybuilders Fund	19	33
- Futurebuilders Fund	336	554
- Resilience & Recovery Loan Fund	159	493
- Recovery Loan Fund	161	15
	3,311	19,137

Transfer to unrestricted funds

Communitybuilders Fund became unrestricted from 1 April 2022 and this is represented by the transfer from restricted to unrestricted all the Communitybuilders net assets that have been fully reconciled including SASC, of which the cash from Communitybuilders Fund was used to invest in.

Transfer to restricted funds (prior year)

In the prior year, the Recovery Loan Fund was set up in a new subsidiary, SIB Loan Limited (SIB Loans). SIB Loans is a wholly-owned subsidiary of the Social Investment Business Foundation (SIBF). The special vehicle entity was set up to manage the Recovery Loan Fund (RLF). SIBF applied for the allotment and issued 3,000,000 ordinary shares of £1.00 each in the capital of SIB Loans which are restricted fund.

Transfer to management fee

Communitybuilders Fund represents a transfer from the restricted Communitybuilders Fund to SIBL as payment of the fund management fees.

Futurebuilders Fund represents the payment of the management fee from DCMS to SIBL from returns to the fund.

Resilience & Recovery Fund represents a transfer from the restricted SIBFM funds to SIBL as payment for fund management fees and loan arrangement fees.

Recovery Loan Fund represents a transfer from the restricted SIB Loans funds to SIBL as payment for fund management fees and loan arrangement fees.

All of these are shown as transfers between restricted and unrestricted funds on the face of the Statement of Financial Activities.

SOCIAL INVESTMENT BUSINESS FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

22 Funds (continued)

<i>In year</i>	Balance 1 April 2022 £'000	Income £'000	Expenditure and provisions £'000	Transfers £'000	Balance 31 March 2023 £'000
Foundation					
Communitybuilders Fund	2,636	-	-	(2,636)	-
Recovery Loan Fund	3,000	-	-	-	3,000
Other investment funds	4,401	186	(171)	-	4,416
Restricted funds carried forward	10,037	186	(171)	(2,636)	7,416
Designated funds	-	-	(280)	10,000	9,720
Unrestricted funds	20,351	179	138	(7,364)	13,028
Total funds carried forward	30,388	365	(589)	-	30,164
 <i>Previous year</i>	 Balance 1 April 2021 £'000	 Income £'000	 Expenditure and provisions £'000	 Transfers £'000	 Balance 31 March 2022 £'000
Foundation					
Communitybuilders Fund	23,724	-	-	(21,088)	2,636
Recovery Loan Fund	-	-	-	3,000	3,000
Other investment funds	4,600	266	(465)	-	4,401
Restricted funds carried forward	28,324	266	(465)	(18,088)	10,037
Unrestricted funds	1,878	176	209	18,088	20,351
Total funds carried forward	30,202	442	(256)	-	30,388

SOCIAL INVESTMENT BUSINESS FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

23 Analysis of net assets between funds

Group	Fixed Assets		Current assets	Total liabilities	Total funds
	Intangible Assets	Financial investments			
	2023	2023	2023	2023	2023
<i>In year</i>	£'000	£'000	£'000	£'000	£'000
Restricted funds	-	23,327	8,179	(11,887)	19,619
Unrestricted funds	20	15,914	10,124	(2,573)	23,485
Total Group	20	39,241	18,303	(14,460)	43,104
	2023	2023	2023	2023	2023
<i>Previous year</i>	£'000	£'000	£'000	£'000	£'000
Restricted funds	-	27,325	21,680	(20,765)	28,240
Unrestricted funds	-	5,957	16,669	(1,844)	20,782
Total Group	-	33,282	38,349	(22,609)	49,022

Foundation	Fixed Assets		Current assets	Total liabilities	Total funds
	Intangible Assets	Financial investments			
	2023	2023	2023	2023	2023
<i>In year</i>	£'000	£'000	£'000	£'000	£'000
Restricted funds	-	3,185	4,366	(135)	7,416
Unrestricted funds	-	15,930	6,818	-	22,748
Total Group	-	19,115	11,184	(135)	30,164
	2023	2023	2023	2023	2023
<i>Previous year</i>	£'000	£'000	£'000	£'000	£'000
Restricted funds	-	3,291	6,893	(147)	10,037
Unrestricted funds	-	5,957	14,394	-	20,351
Total Group	-	9,248	21,287	(147)	30,388

SOCIAL INVESTMENT BUSINESS FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

24 Statement of Cash Flows notes:

Reconciliation of net expenditure to net cash (used in)/ generated by operating activities:

	Group 2023 £'000	Group 2022 £'000
Net expenditure after taxation	(5,918)	(623)
Tax paid	244	-
Net gain on investments	(101)	-
Investments income and bank interest received	(1,604)	(2,008)
Amortisation of intangible fixed assets	7	-
Decrease in investment provisions/write offs	(1,469)	(859)
(Increase)/decrease in debtors	(1,537)	381
Increase in creditors	<u>1,278</u>	<u>29</u>
Net cash used in operating activities	<u>(9,100)</u>	<u>(3,080)</u>

Analysis of changes in net funds:

	1 April 2022 £'000	Cashflow £'000	31 March 2023 £'000
Cash at bank and in hand			
Cash	24,307	(15,644)	8,661
Short term deposits	13,179	(5,936)	7,243
Debt due > 1 year			
Amounts owed to fund co-investors	<u>(20,900)</u>	<u>9,447</u>	<u>(11,453)</u>
Total net funds	<u>16,586</u>	<u>(12,133)</u>	<u>4,451</u>

25 Contingent liabilities

Social Investment Business Foundation

If an investee of the Adventure Capital Fund sells an asset purchased with those funds, the Home Office could require a partial repayment of its grant to the extent of any sales proceeds received by SIBF under any security which it holds over the investee. This could be regarded as a contingent liability but any obligation to pay the Home Office would be matched by funds received from the investee.

SIBF had the investment in The Community Investment Fund LP (CIF) which is part of the SASC investment. As part of the exit strategy of CIF, SIBF completed the settlement with Schroders BSC Social Impact Trust in March 2022 and agreed the indemnity on one of CIF's investees with the total exposure of £559,607. The value of the indemnity is based on the original portion of SIBF investment in SASC (44%) on the investee's outstanding loan balance at the settlement date of £1,259,115 and will be triggered upon the default of its loan. At 31 March 2023, the total exposure was £526,339 and the outstanding loan balance was £1,184,263. The directors considered this as a contingent liability on the basis that it may materialise in the future.

Futurebuilders England Limited

- i) The Social Investment Business Limited, has a portfolio holding contract, which continues after 31 March 2022, with DCMS (formerly via the Cabinet Office) to manage the fund with income being acknowledged in the Statement of Financial Activities and the loan books represented on Balance Sheet. At the end of the contract, the Funds will revert to DCMS. The total funds value at 31 March 2023 was £12.0m (2022: £17.9m).

**SOCIAL INVESTMENT BUSINESS FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023**

26 Operating lease commitments

The SIBF Group has no future minimum lease payments under non-cancellable operating leases. The office was rented under a rolling lease which was automatically renewed every six months, there was a 6 months' termination clause in the agreement. On 10 June 2022 the office lease was terminated and the group now work 100% remotely.

27 Related party transactions

SIBF is a partner in SASC which includes: The Third Sector Loan Fund LLP, the Community Investment Fund LP and Social and Sustainable Housing LP.

SIBF paid SIBL £146k (2022: £185k) for management of the Communitybuilders Fund, and £400k (2022: £302k) towards operational and premises costs. SIBF paid SIBL £116k (2022: £168k) for grant programme delivery fees during the year. SIBF received £2k (2022: £4k) in interest and £62k (2022: £62k) in capital regarding an intercompany loan between SIBF and SIBL.

At the balance sheet date the following amounts were outstanding with related parties:

Related Party	Relationship	Transaction type	2023 £	2022 £
SIBL	Wholly-owned subsidiary	Intercompany Balance	1,140,340	5,168
SIBL	Wholly-owned subsidiary	Intercompany Loan	15,625	78,125
FEFM	Wholly-owned subsidiary	Cash Investment	-	165,000
FEFM	Wholly-owned subsidiary	Acquisition of Loan Book	-	119,165

SIBL is a trading subsidiary of the SIBF.

28 Events after the reporting date

On 17 April 2023, Thrive Together (SIB) Limited, a 100% subsidiary of the Foundation, was incorporated. The Trustees have taken the decision to designate £3m of funds to the newly created entity.

29 Investment in subsidiaries

Details of the Foundation's subsidiaries at 31 March 2023 are as follows:

Name	Status	Members	% owned	Registered No
The Social Investment Business Limited (SIBL)	Company limited by guarantee	SIBF	100	06490609
Futurebuilders England Limited (FBE)	Company limited by guarantee	SIBL	100	05066676
Social Investment Business FM Limited (SIBFM)	Company limited by shares	SIBF	100	12543106
Social Investment Business Loans Limited (SIB Loans)	Company limited by shares	SIBF	100	13259359

All are registered in England and Wales.

All have their registered address at: CAN Mezzanine, 7-14 Great Dover Street, London SE1 4YR.

During the prior year, the loan book totalling £179k of Forward Enterprise FM Limited (FEFM) was transferred to SIBF at book value for £Nil consideration. The remaining assets and liabilities were settled and the company was dissolved on 31 January 2023.

On 17 April 2023, Thrive Together (SIB) Limited (Company Number: 14809311) was incorporated as a wholly owned subsidiary of SIBF.

SOCIAL INVESTMENT BUSINESS FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

29 Investment in subsidiaries (continued)

The financial results of the subsidiaries are summarised below:

Profit and Loss Account	SIBL		FBE		FEFM		SIBFM		SIB Loans	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000	2023 £'000	2022 £'000	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Income	22,142	7,874	466	218	-	24	695	1,883	382	25
Expenditure	(21,837)	(8,265)	(6,190)	(561)	-	(35)	(695)	(1,883)	(347)	(48)
Net income/(deficit) before tax	305	(391)	(5,724)	(343)	-	(11)	-	-	35	(23)
Corporation tax charge	-	-	(242)	(41)	-	-	-	-	(2)	-
Net income/(deficit) for the year after tax	305	(391)	(5,966)	(384)	-	(11)	-	-	33	(23)
Balance Sheet	SIBL		FBE		FEFM		SIBFM		SIB Loans	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000	2023 £'000	2022 £'000	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Fixed assets	20	-	10,847	12,533	-	-	6,868	13,988	5,428	592
Current assets										
Debtors	2,316	639	38	28	-	-	48	255	37	4
Cash at bank and in hand	2,355	1,635	1,420	5,484	-	-	1,872	6,784	310	2,396
	4,671	2,274	1,458	5,512	-	-	1,920	7,039	347	2,400
Current liabilities										
Creditors	(3,954)	(1,822)	(325)	(98)	-	-	(35)	(127)	(65)	(15)
Net current assets	717	452	1,133	5,414	-	-	1,885	6,912	282	2,385
Creditors due after more than 1yr	-	(21)	-	-	-	-	(8,753)	(20,900)	-	(2,700)
Net assets	737	431	11,980	17,947	-	-	-	-	3,010	2,977

SOCIAL INVESTMENT BUSINESS FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

30 Guarantors

Locality (formerly The Development Trusts Association) Registered Charity no: 1036460 is the remaining founder member of SIBF. The Directors appointed by the Board are the non-founder Directors. The founder and non-founder Directors are the members of the Foundation. Every member undertakes to contribute a sum not exceeding £1 to the assets of the Foundation if it is wound up during his or her membership or within one year afterwards.

31 Amounts disbursed as agent - Group

SIBL manages and disburses the restricted funds as principal, with the income and expenditure included in the Group Statement of Financial Activities; and as agent, with the grants, related disbursements, assets and liabilities excluded from the Group's financial statements. The activities as agent are shown below and in other creditors.

Social Enterprise Investment Fund (SEIF)	2023 £'000	2022 £'000
Balance at 1 April	189	112
Returns to Funder (DoH)	(180)	(97)
Repayments from Investees	454	174
Balance held at 31 March	463	189
Power to Change grant programmes	2023 £'000	2022 £'000
Balance at 1 April	989	1,682
Funds received from PTC	2,713	7,889
Funds disbursed to grantees	(3,408)	(8,582)
Balance held at 31 March	294	989
Youth Endowment Fund grant programmes	2023 £'000	2022 £'000
Balance at 1 April	-	1,118
Funds received from YEF	-	(1,118)
Balance held at 31 March	-	-

SOCIAL INVESTMENT BUSINESS FOUNDATION

England & Wales - Charity number 1117185

Accounts

A photograph of a woman with dark curly hair and a young boy with light hair, both smiling and engaged in conversation. The woman is on the right, wearing a light-colored top, and the boy is on the left, wearing a dark grey t-shirt. They are in a bright, indoor setting with colorful decorations in the background.

Social Investment
Business Foundation

Annual Report and Consolidated Financial Statements

Year Ended 31 March 2022

Charity number 1117185

Company Number 05777484

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**SOCIAL INVESTMENT BUSINESS FOUNDATION
TRUSTEES, OFFICERS AND ADVISERS
FOR THE YEAR ENDED 31 MARCH 2022**

Trustees

Rt Hon Hazel Blears (Chair)
Hugh Rolo OBE (resigned 22 September 2021)
James Rice
Jenny North
Richard Pelly OBE
Robert Hewitt
Sonali Siriwardena
Jagjit Dosanjh-Elton
Edward Wallis (appointed 22 September 2021)

Company Secretary and registered office

Nishit Chikhlia (appointed 8 July 2021)
Nicolas Temple (resigned 8 July 2021)
CAN Mezzanine, 7-14 Great Dover Street, London, SE1 4YR

Charity number

1117185

Company number

05777484

Auditor

RSM UK Audit LLP, 25 Farringdon Street, London, EC4A 4AB

Bankers

Barclays Bank, 1 Churchill Place, Leicester LE87 2BB
Unity Trust Bank, Nine Brindley Place, Birmingham B1 2HB
CCLA Investment Management, Senator House, 85 Queen Victoria St, London EC4V 4ET
Charity Bank, Fosse House 182 High Street, Tonbridge TN9 1BE
The Royal Bank Of Scotland, Chatham Rscs Western Avenue Waterside Court Chatham Maritime, Chatham ME4 4RT
Lloyds Bank, Po Box 1000, BX1 1LT
National Westminster Bank, Chatham Rscs Western Avenue Waterside Court Chatham Maritime, Chatham ME4 4RT
Santander Bank, Bridle Road Bootle, Merseyside L30 4GB
Triodos Bank, Deanery Road Bristol BS1 5AS

Lawyers

Weil, Gotshal & Manges (London) LLP, 110 Fetter Lane, London EC4A 1AY United Kingdom

SOCIAL INVESTMENT BUSINESS FOUNDATION REPORT OF THE BOARD OF TRUSTEES FOR THE YEAR ENDED 31 MARCH 2022

The Board of Trustees of Social Investment Business Foundation (SIBF) present their report together with the audited financial statements for the Group for the year ended 31 March 2022, in accordance with the Company's governing documents. These statements have been prepared under the *Guidelines in the Accounting and Reporting by Charities: Statement of Recommended Practice, 2019 (Charities SORP) 2nd Edition*, and with the Companies Act 2006. The Trustees are also Directors of SIBF for the purposes of company law.

1 Objectives and Activities

The objects of the Charity are to promote for the public benefit all purposes as are recognised as charitable under the laws of England and Wales including but not limited to:

- supporting community organisations in areas of social need that are charities and the charitable activities of other community organisations, including provision of advice, support and assistance and/or
- the making and the promotion of social investments by means of loans, grants, guarantees, equity, near equity or other financial interventions or assistance to charities or for charitable purposes, including but not limited to supporting community organisations operating in areas of social need and/or
- promoting the efficient and effective application of charitable resources by those charities and for charitable purposes by the provision of financial advice, support and related assistance to charities and for charitable projects in relation to such loans, grants, guarantees, equity, near equity or other financial interventions and social investments

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

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

All our activities are underpinned by:

- aiming to maximise the impact we can have with the resources we have
- placing our customers at the heart of the business

Our five core values inform our relationships with the charities and social enterprises we work with and how we operate:

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

SIBF continues to manage the Communitybuilders Fund and the Adventure Capital Fund, both of which invest in community based social enterprises. SIBF is the parent company of Social Investment Business Limited (SIB Limited), 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. The Communitybuilders Fund which was endowed to SIBF in 2011 became unrestricted on 1 April 2021.

SIBF is also the parent company and sole shareholder of Forward Enterprise FM Ltd, a company limited by shares. Forward Enterprise FM Ltd (FEFM), was established in March 2018 with the sole purpose of making investments in enterprises working with or being led by ex-offenders or people in recovery from addiction and creating employment opportunities for people from these communities. During the year a decision was made to transfer the assets and liabilities of FEFM to SIBF and strike off FEFM.

SIBF is also the parent company and sole shareholder of Social Investment Business FM Ltd (SIB FM), a company limited by shares established with the sole purpose of making investments to charities and social enterprises during Covid.

**SOCIAL INVESTMENT BUSINESS FOUNDATION
REPORT OF THE BOARD OF TRUSTEES (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022**

During the year SIBF invested £3m in Social Investment Business Loans Ltd, a wholly owned subsidiary established to manage the Recovery Loan Fund (RLS); it is also a company limited by shares, with SIB Foundation its sole shareholder.

Collectively the group of companies is referred to as Social Investment Business (SIB).

SIBF continues to be a shareholder and investor in Social and Sustainable Capital LLP (0C378569) (SASC) and its funds; during the year, the SIB investment in the Community Investment Fund (CIF) was largely recovered, and therefore SIBF's share in the LLP reduced from 29% to 14.5%.

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

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

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

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

2.1 Listening, designing and adapting to customer demand

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

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

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

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

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

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

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

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

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

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

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

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

2.5 Ensure SIB continuity through a strong operating model and balance sheet

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

- effective management of historical investment funds
- development of new investment funds with associated income streams
- strategic partnerships with aligned partners on enterprise grants and support
- building a highly skilled team proportionate to size and scale of responsibilities
- exiting earlier catalytic investments to invest in future work

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

3 Future Developments

The Board are committed to a renewal of the strategy in 2022 which includes a focus on tackling inequality as the golden thread through all of SIB's work.

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

Four key outcome areas working towards achieving our mission are:

- **Reach** – we will focus on funding a more widely distributed social economy with more diverse leadership.
- **Resilience** – we will focus on the social economy's financial resilience and also its adaptation to Net Zero.
- **Credibility** – we will focus on publishing open data and working with partners to promote a credible social economy, through evidence and collaboration
- **Influence** – we will focus on expanding appropriate funding from public, private and philanthropic sources of capital for charities and social enterprises

This work will continue to be underpinned by a retained focus on operational excellence:

- **Customer** accessibility, efficiency and responsiveness to needs
- **Quality** assured operational systems and processes that are sector-leading
- **Finance** – resources being used effectively and efficiently for maximum impact
- **People** are trained, talented, diverse and motivated, living our values

4 Main Strategic Risks

SIB 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 together with actions that can be or are being taken in mitigation is analysed according to its perceived potential impact, likelihood of occurrence together with actions taken in mitigation.

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

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

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

Trustees 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.

5 Going Concern

The Trustees have reviewed the forecasts for each company in the group, covering a period of 12 months from the date of signing these financial statements with concentration on the overall group position as the parent Charity (SIBF) would underwrite any losses in its subsidiaries.

Where SIB's own funds are directly invested, SIB has continued to retain a cautious provisioning position to ensure any future risk is mitigated and continues to monitor performance at quarterly investment committee meetings.

The entities within the group, are anticipated to have sufficient cash resources for at least 12 months following the date of signing these financial statements. As a result, the Trustees 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

The Statement of Financial Activities (SOFA) shows that the Group's unrestricted reserves increased by £18,083k (2021: decreased by £400k). Restricted reserves decreased by £18,670k inclusive of £534k returned from Futurebuilders to the DCMS (2021: decrease £8,128k, £7,966k returned to DCMS).

Unrestricted income, including transfers from restricted funds, increased by £16,917k to £20,718k (2021: £3,801k) inclusive of £21m released from the Community Builders Funds and the transfer out of £3m to SIB Loans' as restricted equity. Unrestricted expenditure decreased by £916k to £3,285k (2021: £4,201k), due to increased activity in the year.

For full detail of this year's performance by the subsidiaries see Note 25 to the Group Accounts.

7 Reserves Policy

The Trustees have ultimate responsibility for ensuring SIBF has an effective Group Reserves Policy. The reserve policy is established to ensure that each company has adequate reserves and/or retained profits to meet the current and future needs of the business, whilst taking into consideration the requirements of the individual subsidiaries and ensuring they comply with the Charities SORP and the Companies Act 2006. The policy is reviewed each year.

The policy is to balance the goal of sustainability with the aim of being efficient as a not-for-profit organisation. Decisions on the appropriate, sustainable levels of reserves will be informed by a combination of short-term working capital requirements, projected levels of operating costs, estimates of contract exit costs and availability of funds for new business development. The reserves are to be held in cash or cash equivalent securities.

SIBF's reserves policy stipulates that the cash and reserves position is to be sufficient to cover a minimum of 6 months operating costs and to enable SIBF to develop new initiatives in support of its charitable objects. With 6 months operating costs estimated at £1.8m, the Trustees have agreed a target reserves of £1.5m to £2.0m. At the end of the year, the Group's free unrestricted reserves stood at £20.8m.

8 Treasury Management Policy

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

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

We continue to hold assets on behalf of funds that are not our own. We therefore have significant amounts of money held in cash, because this money can be called upon to be disbursed or returned to its owners at short notice.

9 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 SIBL is a private company limited by guarantee and a subsidiary of SIB Foundation.

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

SIBFM and SIB Loans are private companies limited by shares, with SIBF as the sole shareholder.

(b) Governance and Decision Making

The governance structures and decision-making processes for all the companies in the Group are laid out in the relevant articles of association. In this financial year all the recommendations were enacted following the previous years NCVO governance review in line with the Charity Governance Code this included setting up an internal Governance Working Group as well as a Governance Committee.

SIBF is governed by seven members of the Board of Trustees. During the year the following Board Subcommittee Structure were in place:

- SIBF Investment Committee (quarterly)
- Group Audit & Finance Committee (quarterly)
- Group Governance Committee (quarterly)
- Group Remuneration Committee (meets as required, usually annually)

**SOCIAL INVESTMENT BUSINESS FOUNDATION
REPORT OF THE BOARD OF TRUSTEES (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022**

SIB Limited has a Board comprising seven Non-Executive Directors, these govern SIBL and retain governance rights and a supervisory role over FBE. FBE's Board of Directors is the Executive Senior Management Team of SIBL.

For the Group we also ensure that governance and decision-making processes are in line with and enable us to meet contractual obligations set out in all agreements with external parties.

The Directors delegated the day-to-day management of the Group to the Executive team. The Executive team throughout the year were:

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

Details of the Trustees who served during the year and to the date of signing the financial statements are shown on page 2 of this report. Five Trustees are also Directors of SIBL.

Each member agrees to contribute £1 in the event of the charity winding up. The remaining Founder Member, Locality, has the right to nominate a representative to sit on the Board of Trustees.

The Trustees are committed to ensuring that the Boards have the combination of skills necessary to support the effective provision of finance to charities and community enterprises. We will ensure that our Board of Trustees includes skills and expertise in the following areas: banking and investment, community regeneration and social enterprise, business, commercial law and financial and risk management.

(c) Public Benefit Statement

The Trustees have considered the Charity Commission's general guidance on public benefit when reviewing our aims and objectives and in planning our future activities. We are mindful of the need to ensure that all funds and activities will deliver public benefit and help us to meet our aims and objectives and are also taking account of Charity Commission guidance around non-charitable organisations.

The Trustees have a duty to include in this Annual Report a statement on the Charity's public benefit and demonstrate that:

- They are clear about what benefits are generated by the activities of the Charity.
- The benefits and beneficiaries are related and appropriate to the Charity's objects and aims.

We have set out under 'Objectives and Activities' above how we deliver public benefit against our charitable objectives.

(d) Fundraising statement

Section 162a of the Charities Act 2011 requires charities to make a statement regarding fundraising activities. Although we do not undertake widespread fundraising from the general public, the legislation defines fund raising as "soliciting or otherwise procuring money or other property for charitable purposes." Such amounts receivable are presented in our accounts as "voluntary income" and includes legacies and grants.

In relation to the above we confirm that all solicitations are managed internally, without involvement of commercial participators or professional fundraisers, or third parties. The day-to-day management of all income generation is delegated to the Executive team accountable to the Trustees.

SIBF is not bound by any undertaking to be bound by any regulatory scheme and the SIBF does not consider it necessary to comply with any voluntary code of practice.

We have received no complaints in relation to fundraising activities. Our terms of employment always require staff to behave reasonably; as we do not approach individuals for funds, we have not specified this to fundraising activities nor do we consider it necessary to design specific procedures to monitor such activities.

**SOCIAL INVESTMENT BUSINESS FOUNDATION
REPORT OF THE BOARD OF TRUSTEES (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022**

(e) Related parties

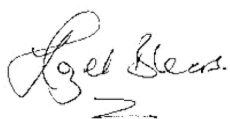
Related party transactions are referred to in detail in Note 24 to the financial statements.

(f) Disclosure of Information to Auditor

In so far as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware
- the Trustees 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 Trustees report, incorporating the Strategic Report was approved by the Trustees of SIB Foundation on 28 September 2022 and signed on their behalf.



Rt Hon Hazel Blears
Chair

Date: 28 September 2022



Jagjit Dosanjh-Elton
Trustee

Date: 28 September 2022

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees (who are also directors of SIBF for the purposes of company law) 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 Trustees to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Trustees 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 Group and Charity and of the incoming resources and application of resources, including the income and expenditure, of the Group for that period.

In preparing these financial statements, the Trustees 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 Charity will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Charity's transactions and disclose with reasonable accuracy at any time the financial position of the Charity 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 Charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees 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.

Opinion

We have audited the financial statements of Social Investment Business Foundation (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 March 2022 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Company Balance Sheets, the Consolidated Cash Flow Statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 March 2022 and of the group's incoming resources and application of resources, including its income and expenditure, 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 group and parent charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' 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 group's or parent charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Report, which includes the Directors' Report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report included within the Trustees' 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 group and the parent charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report included within the Trustees' Report.

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

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

Responsibilities of trustees

As explained more fully in the Statement of Trustees' responsibilities set out on page 10, the trustees (who are also the directors of the charitable company for the purposes of company law) 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 trustees 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 trustees are responsible for assessing the group's and parent charitable 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 trustees either intend to liquidate the group or parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF SOCIAL INVESTMENT BUSINESS FOUNDATION FOR THE YEAR ENDED 31 MARCH 2022

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

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

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

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, Charities SORP (FRS 102), Companies Act 2006, Charities Act 2011, the parent charitable company's governing document, tax legislation and Charities (Protection and Social Investment) Act 2016. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing the financial statements including the Trustees' Report, remaining alert to new or unusual transactions which may not be in accordance with the governing documents, inspecting correspondence with local tax authorities and evaluating advice received from external advisors.

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

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

Use of our report

This report is made solely to the charitable 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 charitable 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RSM UK Audit LLP

NICHOLAS SLADDEN (Senior Statutory Auditor)
For and on behalf of RSM UK AUDIT LLP, Statutory Auditor
Chartered Accountants
25 Farringdon Street
London
EC4A 4AB

Date 29 September 2022
Date.....

SOCIAL INVESTMENT BUSINESS FOUNDATION
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (incorporating income and expenditure account)
FOR THE YEAR ENDED 31 MARCH 2022

	Notes	Unrestricted Funds 2022 £'000	Restricted Funds 2022 £'000	Group 2022 £'000	Group 2021 £'000
Income from:					
Donations	2	325	-	325	-
Charitable activities:					
Investment income	3	152	1,856	2,008	1,499
Fund management income	4	953	323	1,276	2,504
Grant income	4	-	5,115	5,115	5,237
Other income	5	151	193	344	296
Total income		1,581	7,487	9,068	9,536
Expenditure on:					
Charitable activities:					
Fund management costs	6	(3,285)	(1,586)	(4,871)	(4,300)
Fund costs - grants awarded	8	-	(5,115)	(5,115)	(5,237)
Repayments to DCMS	8	-	(534)	(534)	(7,966)
Share of associate's loss for the year		-	-	-	(180)
Total expenditure		(3,285)	(7,235)	(10,520)	(17,683)
Net movement on investments					
Investment provision decrease/(increase)	8	650	256	906	(444)
Net (expenditure)/income		(1,054)	508	(546)	(8,591)
Transfers between funds	19	19,137	(19,137)	-	-
Net income/(expenditure) before tax	9	18,083	(18,629)	(546)	(8,591)
Corporation tax credit/(charge)	11	-	(41)	(41)	63
Net movement in funds		18,083	(18,670)	(587)	(8,528)
Reconciliation of funds					
Funds brought forward at 1 April		2,699	46,910	49,609	58,137
Funds carried forward at 31 March		20,782	28,240	49,022	49,609

The notes on page 17 to 41 form part of these financial statements.

**SOCIAL INVESTMENT BUSINESS FOUNDATION
CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2022**

Company No 05777484

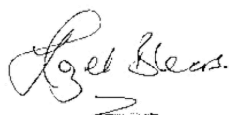
		Group		Foundation	
	Notes	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Fixed assets					
Tangible fixed assets	12	-	-	-	-
Mixed motive investments - loans to investees	13	31,514	37,911	4,402	5,273
Mixed motive investments – other investments	14	1,768	-	1,768	-
Investments - loan to subsidiary		-	-	78	141
Investment in subsidiary	25	-	-	3,000	-
Mixed motive investment in associate	13	-	11,500	-	11,500
		<u>33,282</u>	<u>49,411</u>	<u>9,248</u>	<u>16,914</u>
Current assets					
Debtors	15	862	1,251	100	315
Short term deposits		13,179	16,172	13,179	16,172
Cash at bank and in hand		24,307	11,338	8,008	3,497
		<u>38,348</u>	<u>28,761</u>	<u>21,287</u>	<u>19,984</u>
Current liabilities					
Creditors: amounts falling due within one year	16	(1,708)	(2,401)	(147)	(755)
Amount due to associates		-	(3,245)	-	(3,245)
		<u>(1,708)</u>	<u>(5,646)</u>	<u>(147)</u>	<u>(4,000)</u>
Net current assets		36,640	23,115	21,140	15,984
Total assets less current liabilities		69,922	72,526	30,388	32,898
Creditors: amounts falling due after more than one year					
Amounts owed to fund co-investors	18	(20,900)	(20,221)	-	-
Provisions for liabilities in associate		-	(2,696)	-	(2,696)
		<u>49,022</u>	<u>49,609</u>	<u>30,388</u>	<u>30,202</u>
Net assets					
Funds					
Unrestricted funds	19	20,782	2,699	20,351	1,878
Restricted funds	19	28,240	46,910	10,037	28,324
Total funds	19	<u>49,022</u>	<u>49,609</u>	<u>30,388</u>	<u>30,202</u>

The notes on page 17 to 41 form part of these financial statements.

SIBF has taken advantage of the exemption in section 408 of the Companies Act 2006 not to present its own Statement of Financial Activities. The surplus for the year incurred by the Foundation was £186k (2021: deficit £971k).

These financial statements were approved by the Board of Directors on 28 September 2022 and were signed on its behalf by:

Rt Hon Hazel Blears
Chair



Jagjit Dosanjh-Elton
Trustee



**SOCIAL INVESTMENT BUSINESS FOUNDATION
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2022**

	Notes	2022 £'000	2021 £'000
Net cash (used in)/generated by operating activities	21	(3,080)	10,357
Cash flows from investing activities			
Payment from associate		3,829	307
Investment income		2,008	1,499
Payments for financial investments		(8,241)	(16,612)
Repayments of financial investments		15,460	5,990
Net cash generated by/(used in) investing activities		13,056	(8,816)
Net increase in cash and cash equivalents		9,976	1,541
Cash and cash equivalents at the beginning of the year		27,510	25,969
Cash and cash equivalents at the end of the year		37,486	27,510
Analysis of cash and cash equivalents			
		2022 £'000	2021 £'000
Cash		24,307	11,338
Short term deposits		13,179	16,172
		37,486	27,510

The notes on page 17 to 41 form part of these financial statements.

1 Significant accounting policies

(a) Reporting entity

Social Investment Business Foundation (SIBF) is a private company limited by guarantee (company number 05777484) and a registered charity (charity number 1117185), registered and domiciled in England and Wales. The principal activities of the Group are documented in the Trustees' Report. The registered office address of SIBF and its subsidiaries is CAN Mezzanine, 7-14 Great Dover Street, London SE1 4YR.

The Group consists of the ultimate parent SIBF (the Foundation) and its subsidiaries: The Social Investment Business Limited (SIBL - 100% owned), Futurebuilders England Limited (FBE - 100% owned), Forward Enterprise FM Limited (FEFM - 100% owned), Social Investment Business FM Ltd (SIBFM - 100% owned) and Social Investments Business Loans Limited (SIB Loans - 100% owned). All subsidiaries are included in the consolidated financial statements of SIBF. Both SIBL and FBE have traded under the name of the Social Investment Business since 28 July 2009.

The Group is authorised for the Communitybuilders Fund, Futurebuilders Fund and Modernisation Fund, and the Resilience and Recovery Loan Fund, as the fund manager, to act as the principal, therefore all transactions relating to these funds are recorded in the Statement of Financial Activities and the Balance Sheet. The Group acts as principal for the Access Reach and Access Impact Grants.

The Group is authorised by the Social Enterprise Investment Fund (SEIF), as the fund manager, to act as the agent, therefore transactions relating to this fund are not part of the financial statements of the Group. Income received for managing the fund and the cost associated with managing the fund are recorded in the financial statements. The Group acts as the agent in respect of the Centre for Social Action Fund and Big Potential (Big Lottery).

(b) Basis of preparation

These financial statements for the Group are prepared on the going concern basis, under the historical cost convention, and in accordance with the Charities Act 2011, Companies Act 2006, and applicable accounting standards in the United Kingdom. These financial statements have also been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019).

The Foundation constitutes a public benefit entity as defined by FRS 102. The financial statements are prepared in sterling, both the functional and presentational currency of the Group. Financial values are rounded to the nearest £'000.

The Foundation has chosen to take advantage of the exemption from disclosing the following information in its company only accounts, as permitted by the reduced disclosure regime within FRS 102:-

- Section 7 'Statement of Cash Flows' – *Presentation of a Statement of Cash Flows and related notes and disclosures.*

The financial statements of the Foundation are consolidated in the financial statements of SIBF. The consolidated financial statements of SIBF are available from CAN Mezzanine, 7-14 Great Dover Street, London SE1 4YR.

(c) Going concern

The Trustees have reviewed the forecasts for each company in the group, covering a period of 12 months from the date of signing these financial statements with concentration on the overall group position as the parent Charity (SIBF) would underwrite any losses in its subsidiaries.

Where SIB's own funds are directly invested, SIB has continued to retain a cautious provisioning position to ensure any future risk is mitigated and continues to monitor performance at quarterly investment committee meetings.

The entities within the group are anticipated to have sufficient cash resources for at least 12 months following the date of signing these financial statements. As a result, the Trustees have not identified any material uncertainties and therefore consider it appropriate for the accounts to be prepared on a Going Concern.

1 Significant accounting policies (continued)

(d) Basis of consolidation

The financial statements consolidate the results of the Foundation and its subsidiary undertakings on a line-by-line basis. The entities consolidated are those listed in the Note 25. All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. SIBF has taken advantage of the exemption in section 408 of the Companies Act 2006 not to present its own Statement of Financial Activities.

(e) Fund accounting

Restricted funds

Restricted funds are to be used for specific purposes either laid down by the funder or specified in each agreement for the benefit of identified beneficiaries. Expenditure incurred by the Foundation for these purposes is charged to the fund, together with a fair allocation of overheads, support costs and interest income.

Unrestricted funds

Unrestricted funds are available for use against operating costs in delivery of specific funds as stated in the service agreements in place and within the overall price therein, but at the Trustees' discretion in how delivery is achieved within that price. Where contracts might place restrictions on any gains, any cost savings are repayable to the appropriate funder on a basis specified in the contract. Fees payable to the Group for the management of restricted funds are unrestricted and are transferred from restricted to unrestricted funds.

(f) Investment in subsidiaries

In the separate accounts of the Foundation, interests in subsidiaries and associates are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. Interest in subsidiaries and associates are assessed for impairment at each reporting date. Any impairment losses or reversals of impairment losses are recognised immediately in the Statement of Financial Activities.

(g) Investment in associate – SASC

During 2013, SIBF acquired a 29% share of SASC – entitling the Group to a 51% share of all future profit distributions. The investment in this associate has been accounted for using the equity method – with the initial investment recognised at cost which is considered to be the fair value of the consideration paid by the Group. The carrying amount of the investment is increased or decreased to recognise the Group's share of the profit or loss of SASC - and this profit or loss is reflected in the Group's results for the period. During the year, SIBF's exit of SASC's CIF reduced its share of SASC down to 14.5% this financial year.

Further details of this transaction can be seen in note 14.

1 Significant accounting policies (continued)

(h) Income

All income is included in the Statement of Financial Activities when the Group is legally entitled, receipt is probable and the amount can be measured reliably, and performance related conditions are fulfilled.

Investment income, including associated tax, relating to both unrestricted and restricted funds, is recognised when receivable.

Fund management fee income is recognised when the Group is entitled to the income based on the fund management contract. 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.

In some circumstances, the Group acts as agent with regard to the distribution certain funds, payments received in relation to these funds and subsequent disbursements to the intended recipients are excluded from the Statement of Financial Activities as the Group does not have control over the charitable application of the funds. Funds received but not disbursed at the year end are included in other creditors on the balance sheet. Details of these are disclosed within Note 27.

Grant income, where the Group operates as principal, are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

Pro bono activities

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

(i) Expenditure

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party and on an accruals basis in the period in which they are incurred. Resources expended include attributable VAT when this cannot be recovered.

Costs incurred on charitable activities comprise all the resource applied by the Group in undertaking its charitable objectives. Expenditure is allocated between:

- expenditure incurred directly to the fulfilment of the Foundation's objectives
- expenditure on the governance infrastructure which allows the Foundation to operate and to generate the information required for public accountability.

Items of indirect expenditure are apportioned on an appropriate basis as follows:

- Within governance costs, staff time is attributed on an analysis of time spent on the various activities.
- Fund management costs and costs of generating funds are allocated as incurred and according to time spent.
- Premises and operational costs are allocated pro rata to staff time.

Governance costs are costs incurred in connection with meetings of the Board of Trustees and Committees of the Group, fees paid to the statutory auditor, internal auditor and legal fees where they are not for services provided in relation to fund management activities. The expenditure classed as governance costs has been detailed in Note 6, and these costs have been allocated over fund management costs on the basis of staff time spent on these activities.

1 Significant accounting policies (continued)

(j) Expenditure (continued)

Support costs are functions that assist the work of the Foundation but do not directly undertake charitable activities. Support costs include back office costs, finance and human resources. The basis on which support costs have been allocated are set out in Note 7.

Funds to be returned for recycling are recognised only when their return is formally notified, or requested, by the funder.

Grant expenditure is recognised at the point where the Group has a legal or constructive obligation to make a payment, the grant has been approved and communicated to the recipient. Loan offers communicated are recognised as a financial investment in the Balance Sheet only once a disbursement has been made to the investees.

(k) Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets. The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

(l) Defined contribution pension schemes

The Group operates a defined contribution pension scheme. Contributions to the pension scheme are recognised as an expense in the Statement of Financial Activities as incurred. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

(m) Operating leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight-line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(n) 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 balance sheet date.

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

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.

The Group's subsidiaries are liable for corporation tax on their operating profits, to the extent not gift-aided to the holding charity.

(o) 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 consolidated Statement of Financial Activities in the year of purchase.

1 Significant accounting policies (continued)

(p) Tangible fixed assets (continued)

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:

Office equipment & IT	3-5 years (20% - 33% per annum)

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

(q) Financial investments

Financial investment loans, equivalent to mixed motive investments, are recognised at the point of the disbursement under the conditions set out in the loan.

(r) Financial instruments

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

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

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

Basic financial assets

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

Derecognition of financial assets and liabilities

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some (but not substantially all) risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Classification of financial liabilities

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

Basic financial liabilities

Basic financial liabilities, which include trade and other creditors, amounts owed to group undertakings and accruals, are initially recognised at transaction price and subsequently measured at amortised cost, being transaction price less any amounts settled. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

1 Significant accounting policies (continued)

(s) Provisions

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense and is included in "finance costs".

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

The Group makes specific provisions for impairment against loans when, as a result of frequent monitoring and review by the Investment Committees, it is considered that recovery is doubtful. A calibrated risk approach to the investment books of the Futurebuilders, Modernisation, Communitybuilders, Adventure Capital Funds, Forward Enterprise Fund, Liverpool LIF, Resilience & Recovery Loan and Recovery Loan Funds results in a further general provision being made to the financial investments, after taking account of individual specific provisions. Provisions made during the year, less amounts released, are charged to the Statement of Financial Activities and are netted off against financial investments in the Balance Sheet.

(t) Cash and cash equivalents

All cash held in accounts of less than 90-day notice is treated as cash and, classified as a deposit if notice is required to draw down cash.

(u) Critical accounting judgements and estimates

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Foundation's accounting policies and the reported assets, liabilities, income and expenditure and the disclosures made in the financial statements. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The key areas that are deemed to be material for these financial statements are as follows:

Significant judgement and estimates – provisions on financial investment loans

Significant judgements and estimates have been used in the calculation of both specific and risk calibrated provisions which are deducted from financial investments after the deduction of specific provisions. These provisions are calculated by applying impairments to financial investments after assessing their likelihood of default based on financial and subjective metrics.

In respect of financial investments, the amount of specific provisions is £13.9m (2021: £16.1m), and the risk calibrated provision applied to the financial investments is £1.6m (2021: £1.9m).

Futurebuilders England Limited fund treatment

The contracts dated 1 April 2011 between Cabinet Office and SIBL and between Cabinet Office and FBE to manage the funds advanced by Cabinet Office to FBE expired on 31 March 2013. Those contracts expressly stated that FBE was acting as principal and on this basis, and taking into account the substance of the relationship with Cabinet Office, the assets and liabilities of FBE were fully consolidated in the accounts of the Group at 31 March 2013 and previous years and the monies advanced by Cabinet Office were treated as restricted funds.

This contract was replaced by a new contract between SIBL and Cabinet Office which ran from 1 April 2013 to 31 March 2016. Although there are some differences between the previous contract and the new contract the governance arrangements, and the substance of the relationship between SIBL and Cabinet Office with regard to the management of these funds, remain largely unchanged, with the contract extended to March 2022.

1 Significant accounting policies (continued)

(u) Critical accounting judgements and estimates (continued)

Futurebuilders England Limited fund treatment (continued)

In particular, Cabinet Office has advised that, in its opinion, FBE continues to act as principal under the contract and the contract specifically states that FBE "will hold the assets and liabilities of the fund on its Balance Sheet" although the new contract does not have an express statement confirming that FBE acts as principal not as agent.

However, the directors agree with the stance taken by Cabinet Office on the basis that FBE has discretion over whom funds are distributed to. In addition, all loan agreements are between FBE and the investee and not with the DCMS. In all these circumstances, the assets and liabilities of FBE continue to be fully consolidated in the Group's accounts at 31 March 2022 and the monies advanced by Cabinet Office continue to be treated as restricted funds. However, under the new contract, the Cabinet Office:

- ☞ has the right to terminate the contract at any time by giving at least three months' notice;
- ☞ will be given all shares in FBE for no consideration at the end of such notice period, and
- ☞ can require FBE to "deal with the Funds in the manner directed by Cabinet Office".

If the above were to occur, there would be a change in the nature of the relationship with Cabinet Office and in the substance of the agreement with SIBL. In such circumstances, the Group would immediately recognise in its accounts:

- ☞ a disposal of a subsidiary undertaking for no consideration should Cabinet Office serve notice to terminate the contract; or
- ☞ a liability should Cabinet Office make a request for funds to be returned to them.

The Futurebuilders contract with the Cabinet Office was transferred to DCMS during 2016/17.

2 Donations

	Group 2022 £'000	Group 2021 £'000
Pro bono legal services	325	-
	<u>325</u>	<u>-</u>

Pro bono services relate to activities received from professional service providers and are included within donations. Governance costs have been grossed up by an equivalent amount.

In 2022, £Nil of the donation income (2021: £Nil) was attributable to restricted funds with £325k (2021: £Nil) being attributable to unrestricted funds.

SOCIAL INVESTMENT BUSINESS FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

3 Investment income

	Group 2022 £'000	Group 2021 £'000
By fund:		
Adventure Capital Fund (ACF)	23	29
Futurebuilders Fund	219	678
Modernisation Fund	-	1
Forward Enterprise FM Limited	18	15
Liverpool Local Impact Fund (Liverpool LIF)	10	15
Communitybuilders Fund	152	164
Resilience & Recovery Loan Fund	1,578	597
Recovery Loan Fund	8	-
	<u>2,008</u>	<u>1,499</u>
By nature:		
Interest on investments	2,007	1,498
Interest on bank deposits – restricted	1	1
	<u>2,008</u>	<u>1,499</u>

Investment income relates to loan interest receivable on ACF, Futurebuilders, Modernisation, Forward Enterprise FM, Liverpool LIF, Communitybuilders, Resilience & Recovery Loan and Recovery loan funds.

In 2022, £1,856k of the investment income (2021: £1,499k) was attributable to restricted funds with £152k (2021: £Nil) being attributable to unrestricted funds.

4 Fund management income and grant income

	Group 2022 £'000	Group 2021 £'000
Fund management fees	1,276	2,504
Grant income	5,115	5,237
Total fund management income	<u>6,391</u>	<u>7,741</u>

Fund management income is derived from managing grant and loan funds, of which £953k (2021: £1,821k) is unrestricted income and £323k (2021: £683k) is attributable to restricted funds. All grants under management are restricted income.

5 Other income

	Group 2022 £'000	Group 2021 £'000
Other income including Business Support income	344	296
	<u>345</u>	<u>296</u>

Business Support income is for support provided to investees by staff and external consultants under the Communitybuilders Fund and the Social Enterprise Investment Fund and which has been recharged to these funds. In 2022, £151k (2021: £273k) of the other income was attributable to unrestricted funds and £193k (2021: £23k) was attributable to restricted funds.

SOCIAL INVESTMENT BUSINESS FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

6 Analysis of direct and support costs

	Group 2022 £'000	Group 2021 £'000
Staff costs	1,332	1,189
Premises and operational	294	278
Legal and other professional	25	76
Operating leases for land and buildings	44	114
Business consultants - investee support	23	72
Other consultancy	209	252
Other direct costs	117	425
Direct fund management	1,233	16
Governance	592	407
Support costs	1,002	1,471
	4,871	4,300

In 2022, £3,285k (2021: £4,021k) of the fund management costs was attributable to unrestricted funds and £1,586k (2021: £279k) was attributable to restricted funds.

7 Allocation of governance and support costs

Governance and support costs comprise the following:

	Group 2022		Group 2021		Basis of appointment
	Governance £'000	Support Costs £'000	Governance £'000	Support Costs £'000	
Staff costs	88	687	128	758	Staff time
Premises and operational	20	152	30	177	Staff time
Legal and other professional	-	6	-	32	Invoices
Pro bono legal fees	325	-	-	-	
Board and investment committee costs	61	-	65	-	Invoices
Auditors' remuneration - audit services	48	-	103	-	Governance
Auditor's remuneration - non audit services	38	-	23	-	Governance
Internal audit	1	-	4	-	Governance
Other consultancy	2	96	8	234	Staff time
Other direct costs	9	61	46	270	Staff time
	592	1,002	407	1,471	

SOCIAL INVESTMENT BUSINESS FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

8 Grants paid

	Group 2022 £'000	Group 2021 £'000
Grants awarded	5,115	5,237

The charity undertakes its charitable activities through grant making and awarding grants to a number of individuals and institutions in furtherance of its charitable activities.

Recipients of grants:	2022		2021	
	No. of grants	£'000	No. of grants	£'000
Arts, Heritage, Sports and Faith	31	764	25	392
Citizenship and Community	40	606	48	749
Conservation of the Natural Environment	6	50	2	22
Employment	13	331	14	201
Family, Friends and Relationships	4	230	8	241
Housing and Local Facilities	16	205	30	684
Income and Financial Inclusion	6	313	4	111
Mental Health and Wellbeing	93	1,269	59	1,128
Physical Health	14	574	7	113
Training and Education	37	571	22	526
Other	16	128	30	316
Grants awarded but not disbursed		74		754
		5,115		5,237

	Notes	Group 2022 £'000	Group 2021 £'000
Amounts repaid to the DCMS		534	7,966
		Group 2022 £'000	Group 2021 £'000
Investment provisions/write offs made in year:			
<i>Write offs</i>			
Capital	13	1,757	75
Interest		104	-
		1,861	75
<i>Provisions</i>			
Capital	13	(2,578)	577
Interest		(130)	46
		(2,708)	623
<i>Other adjustments</i>			
Investment in SASC		(59)	(254)
Net (income)/expenditure related to fund costs		(906)	444

In 2022, income of £256k (2021: expenditure of £444k) was attributable to restricted funds with income of £650k (2021: £nil) attributable to unrestricted fund.

SOCIAL INVESTMENT BUSINESS FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

9 Net (expenditure)/income for the year

	Group 2022 £'000	Group 2021 £'000
Net (expenditure)/income for the year is stated after charging:		
Operating leases for land and buildings	44	114
Auditor's remuneration - audit services	48	103
Auditor's remuneration - non audit services	38	23
Internal audit	1	4
	<u>1</u>	<u>4</u>

10 Staff costs

	Group 2022 £'000	Group 2021 £'000
Wages and salaries	1,703	1,819
Social security costs	186	182
Other pension costs	218	139
	<u>2,107</u>	<u>2,140</u>

Included in the figures above are payments made to key management personnel (including employer pension contributions, and employer national insurance contributions) defined as Directors and the Group Senior Management Team (CEO, Director of Finance, Director of Learning & Influence, Director of Investments, Director of Grants, and Director of People & Values). Remuneration for the 6 members of the Group Senior Management Team totalled £558,583 (2021: 6 members, £529,199) including pension payments of £52,922 (2021: £37,117) and employers national insurance of £55,153 (2021: £59,675).

The payments to Directors of SIBF Board are for their services to the Group. Authority for remunerating directors is included within the memorandum and articles of SIBF. The total SIBF directors' remuneration is £14,676 (2021: £16,647) of which the Chair is paid £12,480 (2021: £12,480). The Chair is paid by SIBL £27,156 via A Mon Avis Limited (2021: £24,960 of which £12,480 is recharged to SIBF).

Payments are also made to the Directors of SIBL, a subsidiary of SIBF. The total SIBL director remuneration costs are £50,035 (2021: £49,862) of which £Nil (2021: £Nil) relates to pension payments. This means that the total Group Trustee and Director costs amounted to £64,711 (2021: £66,509) including pension payments of £Nil (2021: £Nil).

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

The monthly average number of employees during the year was as follows:

	Group 2022 No	Group 2021 No
Operational staff	34	34
Management staff	6	6
	<u>40</u>	<u>40</u>

Number of employees in the following salary ranges:

	Group 2022 No	Group 2021 No
£60,000 - £69,999	4	3
£70,000 - £79,999	3	2
£80,000 - £89,999	2	-
£100,000 - £109,999 *	1	1
	<u>10</u>	<u>6</u>

*Includes the Chief Executive

One member of operational staff was employed by the parent company SIBF (2021: one).

10 Staff costs (continued)

Board, Investment Committee and Directors' remuneration

Board, Investment Committee and Directors' remuneration are payments to members of the SIBL and SIBF Board for their services to the Group. Authority for remunerating Directors is included within the memorandum and articles of SIBF. Amina Ahmad, Jagit Dosanjh-Elton and Anne-Marie Vine-Lott were appointed during the preceding year with 2021/22 being their first full-year as directors.

	Salary		Expenses	
	2022	2021	2022	2021
	£	£	£	£
Rt Hon Hazel Blears	27,156	24,960	-	-
Jeremy Newman	-	10,000	-	861
Louise Keeling	-	5,250	-	-
Richard Pelly OBE	7,000	7,000	-	-
James Rice	4,023	4,000	-	-
Jeremy Nicholls	1,913	4,000	-	260
Jenny North	4,000	4,000	-	-
Amina Ahmad	9,629	5,533	-	-
Jagit Dosanjh-Elton	7,000	1,436	-	-
Anne-Marie Vine-Lott	3,990	330	-	-
	64,711	66,509	-	1,121

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

Pensions

SIBF 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 1 August 2016: 6.79%, 9.06% and 11.33% depending on the level of employee contribution and two rates for all staff employed on 1 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 Group in independently administered funds. The pension cost charge represents contributions payable under the schemes by the Group to the funds.

Included within other creditors are outstanding pension contributions for the Group at the year-end were £36,805 (2021: £17,056).

Other Board, Investment Committee and Directors' costs

A total of £Nil was paid in other Board, Investment Committee and Director costs in the year ended 31 March 2022 (2021: £Nil).

SOCIAL INVESTMENT BUSINESS FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

11 Corporation tax (charge)/credit

SIBF, as a registered charity, is exempt from corporation tax under the Corporation Tax Act 2010 (chapters 2 and 3 of part II, section 466 onwards) or Section 256 of the Taxation for Chargeable Gains Act 1992, to the extent surpluses are applied to its charitable purposes.

FBE is not subject to corporation tax on fund income on drawn down requests in respect of investments to Civil Society Organisations. Corporation tax is chargeable to the restricted fund where it relates to loan interest received. Corporation tax relating to interest accrued is borne by FBE and is included as a charge against the unrestricted management fee.

Any tax-adjusted surplus arising in FBE and SIBL on the payment they receive to cover operational and management costs will be taxable. The tax charge arising on the payment received to cover operational and management costs differs from the surplus/deficit on that payment as follows:

	2022 £'000	2021 £'000
Net income/(expenditure) - FBE, FEFM, SIBFM and SIBL		
Net income/(expenditure) before taxation	(767)	(7,864)
Tax at 19% thereon	145	1,493
Effects of:		
Expenses not deductible for tax purposes	(92)	(1,516)
Deferred tax adjustment for tax rate change	77	-
Deferred tax not recognized	(165)	(42)
Utilisation of tax losses	-	120
Adjustments in respect of the prior period	(6)	8
Actual current tax (charge)/credit	(41)	63

A potential deferred tax asset of £59,449 exists at the year-end (2021: £48,057) relating to fixed asset timing differences. This has not been recognised within the financial statements, due to the uncertainty of recognition.

12 Tangible fixed assets

Group and Foundation	Office equipment and IT £'000
Cost	
at 1 April 2021 and 31 March 2022	244
Accumulated depreciation	
at 1 April 2021 and 31 March 2022	244
Net book value	
at 1 April 2021 and 31 March 2022	-

SOCIAL INVESTMENT BUSINESS FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

13 Financial investments

Financial investments are in the form of loans and guarantees and are mixed motive investments. This year the Group have made specific provisions against 2 loans (2021: 2) which may be non-performing. The Trustees believe that the carrying value of the investments is supported by their underlying assets.

	Group		Foundation	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Balance at 1 April	37,912	28,008	5,273	5,742
New loans disbursed	8,241	16,612	9	268
Transfer of FEFM Loan Book	-	-	112	-
Repayments received	(15,460)	(5,990)	(1,432)	(582)
Loan balance at 31 March before write off and provisions	30,693	38,630	3,962	5,428
Loans written off	(1,757)	(75)	(1,641)	(75)
Movement in provisions	2,578	(644)	2,079	(80)
	821	(719)	438	(155)
Balance at 31 March	31,514	37,911	4,400	5,273

	Group		Foundation	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Maturity of loans and advances:				
Within 1 year	6,667	7,772	870	1,058
Over 1 year to 5 years	18,391	22,227	1,889	2,475
Over 5 years	6,456	7,912	1,641	1,740
	31,514	37,911	4,400	5,273

	Group		Foundation	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Provisions brought forward 1 April	18,142	17,498	6,305	6,225
Increase in provisions	292	716	258	139
Provisions written off	(2,870)	(72)	(2,270)	(59)
Provisions carried forward 31 March	15,564	18,142	4,293	6,305

SIBF

The Foundation shows a decrease in provision in the year of £2,079k (2021: increase of £80k) comprising an increase in ACF of £192k (2021: increase of £79k), a decrease in Communitybuilders provision of £2,149k (2021: decrease of £66k), a decrease of £48k in East London IF (2021: increase of £50k), a decrease of £73k in the Liverpool LIF provision (2021: increase of £13k), a decrease of £10k in Forward Enterprise Fund (2021: £nil) and an increase of £9k (2021: increase of £4k) in the NCRIF provision.

Futurebuilders England Limited

During the year, no specific provision of was made (2021: £270k, 1 loan). Specific provisions were released across 10 loans totalling £406k (2021: £165k, 10 loans). In addition, the risk calibrated provision was decreased by £194k (2021: decreased by £63k).

SIB FM Limited

During the year, an additional specific provision of £136k was made on 2 loans (2021: £Nil). In addition, the risk calibrated provision was decreased by £5k (2021: increased by £451k).

SIB Loans Limited

During the year, an additional risk calibrated provision was made of £5k (2021: £Nil).

SOCIAL INVESTMENT BUSINESS FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

13 Financial investments (continued)

Forward Enterprise FM Limited

During the year the loan book totalling £179k held in FEFM transferred at book value across to SIBF for nil consideration.

14 Financial investments – movements in other mixed motive investments

Group and Foundation

	2022 £'000	2021 £'000
SASC		
Balance at 1 April	-	180
Share of total recognised revenues and expenses	-	(180)
Balance at 31 March	-	-
CIF		
Opening investment	6,081	5,681
Investment (disposal) in CIF	(5,455)	400
Closing investment	626	6,081
Opening provision	(1,571)	(1,825)
Provision recovered (increase)	1,501	254
Closing provision	(70)	(1,571)
Balance at 31 March	556	4,510
SASH		
Opening investment	674	674
Investment in SASH	163	-
Balance at 31 March	837	674
TSIF		
Opening investment	1,500	1,500
Investment (disposal) in CIF	-	-
Closing investment	1,500	1,500
Opening provision	(1,125)	(1,125)
Provision recovered (increase)	-	-
Closing provision	(1,125)	(1,125)
Balance at 31 March	375	375
Total balance at 31 March	1,768	5,559

SOCIAL INVESTMENT BUSINESS FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

14 Financial investments – movements in other mixed motive investments (continued)

SASC investment

During 2013, SIBF acquired a 29% share of SASC – entitling the Group to a 51% share of all future profit distributions. The investment in this associate has been accounted for using the equity method – with the initial investment recognised at cost which is considered to be the fair value of the consideration paid by the Group. The carrying amount of the investment is increased or decreased to recognise the Group's share of the profit or loss of SASC - and this profit or loss is reflected in the Group's results for the period.

During the year, SIBF's exit of SASC's CIF reduced its share of SASC down to 14.5% this financial year. The share % of SASC is below the associate threshold and therefore SASC investments and provisions have been reclassified from investment in associate to other mixed motive investments.

As at 31 March 2022, SIBF had the remaining commitment of £0.6m to SASC from the Communitybuilders Fund to invest into SASC's CIF, against which there is a provision of £70k. SIBF also committed £1.5m as first loss provision on SASC's Third Sector Loan Fund. It is estimated that £375k of the loss provision will be repaid to SIBF over 10 years, and therefore a provision for the remaining £1.125m is included in the financial statements. SIBF has also committed £2m to SASC's new housing fund, SASH.

15 Debtors: amounts falling due within one year

	Group		Foundation	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Trade debtors	309	334	-	-
Investee interest receivable	359	500	73	117
Prepayments and accrued income	180	388	22	108
Amounts owed by subsidiaries	-	-	5	90
Other debtors	14	29	-	-
	<u>862</u>	<u>1,251</u>	<u>100</u>	<u>315</u>

16 Creditors: amounts falling due within one year

	Group		Foundation	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Trade creditors	78	125	-	-
Other taxation and social security	163	351	-	1
Corporation tax	35	98	-	-
Other creditors	987	1,163	147	340
Accruals	165	420	-	26
Amount owed to subsidiaries	-	-	-	388
Deferred income (note 17)	280	244	-	-
	<u>1,708</u>	<u>2,401</u>	<u>147</u>	<u>755</u>

SOCIAL INVESTMENT BUSINESS FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

17 Deferred income

	Group £'000	Foundation £'000
As at 1 April 2021	244	-
Income deferred during the year	280	-
Amounts released from previous year	(244)	-
As at 31 March 2022	<u>280</u>	<u>-</u>

Deferred income relates to the arrangement fees received in advance of the loan on disbursement of the loan.

18 Creditors: amounts falling due in more than one year

	Group		Foundation	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Amounts owed to co-investors:				
Owed to BSC, co-investor in FEFM	-	246	-	-
Owed to Access, co-investor in FEFM	-	7	-	-
Owed to BSC, co-investor in SIBFM	20,900	19,968	-	-
	<u>20,900</u>	<u>20,221</u>	<u>-</u>	<u>-</u>

The above amount represents a loan owed to Big Society Capital, net of provisions.

During the year, SIBF paid FEFM £243k which was used to settle the amounts owed to co-investors.

BSC Loan Funds are to be repaid bi-annually following the end of the availability period from SIB FM cash balances, after SIBL management fees have been deducted. Accordingly, none of the BSC Loan Funds are expected to be payable within one year and fall due between two and five years.

No security is given over these loans and no interest is charged on the balance.

SOCIAL INVESTMENT BUSINESS FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

19 Funds

<i>In year</i>	Balance 1 April 2021 £'000	Income £'000	Expenditure and provisions £'000	Transfers £'000	Balance 31 March 2022 £'000
Group					
Futurebuilders Fund	18,330	219	(51)	(554)	17,944
Communitybuilders Fund	23,724	-	-	(21,088)	2,636
Resilience & Recovery Fund	-	1,883	(1,390)	(493)	-
Recovery Loan Fund	-	26	(33)	2,985	2,978
Other investment funds	4,856	244	(431)	13	4,682
Grant funds	-	5,115	(5,115)	-	-
Restricted funds carried forward	46,910	7,487	(7,020)	(19,137)	28,240
Unrestricted funds	2,699	1,581	(2,635)	19,137	20,782
Total funds carried forward	49,609	9,068	(9,655)	-	49,022
 <i>Previous year</i>					
	Balance 1 April 2020 £'000	Income £'000	Expenditure and provisions £'000	Transfers £'000	Balance 31 March 2021 £'000
Group					
Futurebuilders Fund	26,517	689	(8,245)	(631)	18,330
Communitybuilders Fund	23,707	162	118	(263)	23,724
Resilience & Recovery Fund	-	1,248	(467)	(781)	-
Other investment funds	4,814	106	(32)	(32)	4,856
Grant funds	-	5,237	(5,237)	-	-
Restricted funds carried forward	55,038	7,442	(13,863)	(1,707)	46,910
Unrestricted funds	3,099	2,094	(4,201)	1,707	2,699
Total funds carried forward	58,137	9,536	(18,064)	-	49,609

The Futurebuilders Fund provides loan financing, often combined with grants and professional support, to civil society organisations in England that need investment to help them bid for, win and deliver public service contracts. This fund is closed for new applications.

The Communitybuilders Fund provides loans, grants and business support to multi-purpose, inclusive, community-led organisations (sometimes known as Community Anchors). This restricted fund takes the form of an endowment to SIBF and, on 1 April 2022, the current restrictions were lifted.

The Resilience & Recovery Fund was initiated to support VCSE's faced with financial difficulties due to the Covid-19 disruption and restrictions.

The Recovery Loan Fund represents the carrying value of the net assets of SIB Loans, a wholly owned subsidiary of SIBF, which was set up to manage this fund.

SOCIAL INVESTMENT BUSINESS FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

19 Funds (continued)

Transfers

	Group 2022 £'000	Group 2021 £'000
Transfers to unrestricted funds:		
- Communitybuilders Fund	15,529	-
- Investment in SASC	5,559	-
- Forward Enterprise Fund	(46)	-
Transfers to restricted funds:		
- Recovery Loan Fund	(3,000)	-
Transfers to management fees:		
- Communitybuilders Fund	33	263
- Futurebuilders Fund	554	663
- Resilience & Recovery Loan Fund	493	781
- Recovery Loan Fund	15	-
	<u>19,137</u>	<u>1,707</u>

Transfer to management fee – Communitybuilders Fund represents a transfer from the restricted Communitybuilders Fund to SIBL as payment of the fund management fee.

Transfer to management fee – Futurebuilders Fund represents the payment of the management fee from DCMS to SIBL from returns to the fund.

Transfer to management fee – Resilience & Recovery Fund represents a transfer from the restricted SIBFM funds to SIBL as payment for initial set-up, and loan arrangement fees.

All of these are shown as transfers between restricted and unrestricted funds on the face of the Statement of Financial Activities.

<i>In year</i>	Balance 1 April 2021 £'000	Income £'000	Expenditure and provisions £'000	Transfers £'000	Balance 31 March 2022 £'000
Foundation					
Futurebuilders Fund	-	-	-	-	-
Communitybuilders Fund	23,724	-	-	(21,088)	2,636
Resilience & Recovery Fund	-	-	-	-	-
Recovery Loan Fund	-	-	-	3,000	3,000
Other investment funds	4,600	266	(465)	-	4,401
Grant funds	-	-	-	-	-
Restricted funds carried forward	<u>28,324</u>	<u>266</u>	<u>(465)</u>	<u>(18,088)</u>	<u>10,037</u>
Unrestricted funds	1,878	176	209	18,088	20,351
Total funds carried forward	<u>30,202</u>	<u>442</u>	<u>(256)</u>	<u>-</u>	<u>30,388</u>

SOCIAL INVESTMENT BUSINESS FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

19 Funds (continued)

Transfers (continued)

<i>Previous year</i>	Balance 1 April 2020 £'000	Income £'000	Expenditure and provisions £'000	Transfers £'000	Balance 31 March 2021 £'000
Foundation					
Futurebuilders Fund					
Communitybuilders Fund	23,707	162	118	(263)	23,724
Resilience & Recovery Fund					
Other investment funds	4,802	487	(689)	-	4,600
Grant funds					
Restricted funds carried forward	28,509	649	(571)	(263)	28,324
Unrestricted funds	2,664	29	(1,078)	263	1,878
Total funds carried forward	31,173	678	(1,649)	-	30,202

20 Analysis of net assets between funds

Group

	Current assets 2022 £'000	Financial investments 2022 £'000	Total liabilities 2022 £'000	Total funds 2022 £'000
<i>In year</i>				
Restricted funds	21,680	27,325	(20,765)	28,240
Unrestricted funds	16,669	5,957	(1,844)	20,782
Total Group	38,349	33,282	(22,609)	49,022
<i>Previous year</i>	2021 £'000	2021 £'000	2021 £'000	2021 £'000
Restricted funds	21,978	49,411	(24,479)	46,910
Unrestricted funds	7,901	-	(5,202)	2,699
Total Group	29,879	49,411	(29,681)	49,609

20 Analysis of net assets between funds (continued)

Transfer to unrestricted funds

Communitybuilders Fund became unrestricted from 1st April 2021 and this is represented by the transfer from restricted to unrestricted all the Communitybuilders net assets that have been fully reconciled including SASC, of which the cash from Communitybuilders Fund was used to invest in.

Transfer to restricted funds

Recovery Loan Fund is set up in a new subsidiary, SIB Loan Limited (SIB Loans). SIB Loans is a wholly-owned subsidiary of the Social Investment Business Foundation (SIBF). The special vehicle entity was set up to manage the Recovery Loan Fund (RLF). SIBF applied for the allotment and issued 3,000,000 ordinary shares of £1.00 each in the capital of SIB Loans which are restricted fund.

Transfer to management fee

Communitybuilders Fund represents a transfer from the restricted Communitybuilders Fund to SIBL as payment of the fund management fees.

Futurebuilders Fund represents the payment of the management fee from DCMS to SIBL from returns to the fund.

Resilience & Recovery Fund represents a transfer from the restricted SIBFM funds to SIBL as payment for fund management fees and loan arrangement fees.

Recovery Loan Fund represents a transfer from the restricted SIB Loans funds to SIBL as payment for fund management fees and loan arrangement fees.

All of these are shown as transfers between restricted and unrestricted funds on the face of the Statement of Financial Activities.

Foundation

	Current assets 2022 £'000	Financial investments 2022 £'000	Total liabilities 2022 £'000	Total funds 2022 £'000
<i>In year</i>				
Restricted funds	6,893	3,291	(147)	10,037
Unrestricted funds	14,394	5,957	-	20,351
Total Foundation	<u>21,287</u>	<u>9,248</u>	<u>(147)</u>	<u>30,388</u>
	2021 £'000	2021 £'000	2021 £'000	2021 £'000
<i>Previous year</i>				
Restricted funds	18,106	16,914	(6,696)	28,324
Unrestricted funds	1,878	-	-	1,878
Total Foundation	<u>19,984</u>	<u>16,914</u>	<u>(6,696)</u>	<u>30,202</u>

SOCIAL INVESTMENT BUSINESS FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

21 Statement of Cash Flows notes:

Reconciliation of net expenditure to net cash (used in)/ generated by operating activities:

	Group 2022 £'000	Group 2021 £'000
Net expenditure after taxation	(623)	(8,528)
Investments income and bank interest received	(2,008)	(1,499)
(Decrease)/increase in investment provisions/write offs	(821)	719
Decrease in associate investment provision	(38)	(254)
Decrease/(increase) in debtors	381	(399)
Increase in creditors	29	20,138
Net outgoing from associate	-	180
Net cash (used in)/generated by operating activities	<u>(3,080)</u>	<u>10,357</u>

Analysis of changes in net funds:

	1 April 2021 £'000	Cashflow £'000	31 March 2022 £'000
Cash at bank and in hand			
Cash	11,338	12,969	24,307
Short term deposits	16,172	(2,993)	13,179
Debt due > 1 year			
Amounts owed to fund co-investors	<u>(20,221)</u>	<u>(679)</u>	<u>(20,900)</u>
Total net funds	<u>7,289</u>	<u>9,297</u>	<u>16,586</u>

22 Contingent liabilities

Social Investment Business Foundation

If an investee of the Adventure Capital Fund sells an asset purchased with those funds, the Home Office could require a partial repayment of its grant to the extent of any sales proceeds received by SIBF under any security which it holds over the investee. This could be regarded as a contingent liability but any obligation to pay the Home Office would be matched by funds received from the investee.

SIBF had the investment in The Community Investment Fund LP (CIF) which is part of the SASC investment. As part of the exit strategy of CIF, SIBF completed the settlement with Schroders BSC Social Impact Trust in March 2022 and agreed the indemnity on one of CIF's investees with the total exposure of £559,607. The value of the indemnity is based on the original portion of SIBF investment in SASC (44%) on the investee's outstanding loan balance at the settlement date of £1,259,115 and will be triggered upon the default of its loan. The directors considered this as a contingent liability on the basis that it may materialise in the future.

Futurebuilders England Limited

- i) The group has no contingent liabilities in respect of Futurebuilders Fund bank guarantees made on behalf of investees (2021: none). The bank guarantees become contingent liabilities once the bank guarantee agreement has been signed by FBE.
- ii) The Social Investment Business Limited, has a portfolio holding contract, which continues after 31 March 2022, with DCMS (formerly via the Cabinet Office) to manage the fund with income being acknowledged in the Statement of Financial Activities and the loan books represented on Balance Sheet. At the end of the contract, the Funds will revert to DCMS. The total funds value at 31 March 2022 was £18.0m (2021: £18.3m).

SOCIAL INVESTMENT BUSINESS FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

23 Operating lease commitments

The SIBF Group has no future minimum lease payments under non-cancellable operating leases. The office is rented under a rolling lease which is automatically renewed every 6 months, there is a 6 months' termination clause in the agreement.

24 Related party transactions

SIBF is a partner in SASC which includes: The Third Sector Loan Fund LLP, the Community Investment Fund LP and Social and Sustainable Housing LP.

SIBF paid SIBL £185k (2021: £262k) for management of the Communitybuilders Fund, and £302k (2021: £297k) towards operational and premises costs. SIBF paid SIBL £168k (2021: £3k) for grant programme delivery fees during the year. SIBF received £4k (2021: £6k) in interest and £62k (2021: £62k) in capital regarding an intercompany loan between SIBF and SIBL.

At the balance sheet date the following amounts were outstanding with related parties:

Related Party	Relationship	Transaction type	2022 £	2021 £
SIBL	Wholly-owned subsidiary	Intercompany Balance	5,168	(298,159)
SIBL	Wholly-owned subsidiary	Intercompany Loan	78,125	140,625
FEFM	Wholly-owned subsidiary	Cash Investment	165,000	-
FEFM	Wholly-owned subsidiary	Acquisition of Loan Book	119,165	-

Hugh Rolo was a member of the SIBF Board until September 2021 and was employed as the Director of Development at Locality until December 2020. Until May 2021, he was also a Director of Key Fund who provided a loan of £153k (2021: £153k) for the Northern Cultural Regeneration Fund.

SIBL is a trading subsidiary of the SIBF.

25 Investment in subsidiaries

Details of the Foundation's subsidiaries at 31 March 2022 are as follows:

Name	Status	Members	% owned	Registered No
The Social Investment Business Limited (SIBL)	Company limited by guarantee	SIBF	100	06490609
Futurebuilders England Limited (FBE)	Company limited by guarantee	SIBL	100	05066676
Forward Enterprise FM Limited (FEFM)	Company limited by shares	SIBF	100	11238102
Social Investment Business FM Limited (SIBFM)	Company limited by shares	SIBF	100	12543106
Social Investment Business Loans Limited (SIB Loans)	Company limited by shares	SIBF	100	13259359

All are registered in England and Wales.

All have their registered address at: CAN Mezzanine, 7-14 Great Dover Street, London SE1 4YR.

During the year, the loan book totalling £179k of FEFM was transferred to SIBF at book value for £nil consideration.

The remaining assets and liabilities were settled and the directors of FEFM are in the process of winding up the company up.

SOCIAL INVESTMENT BUSINESS FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

25 Investment in subsidiaries (continued)

The financial results of the subsidiaries are summarised below:

Profit and Loss Account	SIBL		FBE		FEFM		SIBFM		SIB Loans	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000	2022 £'000	2021 £'000	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Income	7,874	9,650	218	689	24	70	1,883	1,248	25	-
Expenditure	(8,265)	(9,263)	(561)	(8,939)	(35)	(71)	(1,883)	(1,248)	(48)	-
Net income/(deficit) before tax	(391)	387	(343)	(8,250)	(11)	(1)	-	-	(23)	-
Corporation tax (charge)/ credit	-	-	(41)	63	-	-	-	-	-	-
Net income/(deficit) for the year after tax	(391)	387	(384)	(8,187)	(11)	(1)	-	-	(23)	-

Balance Sheet	SIBL		FBE		FEFM		SIBFM		SIB Loans	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000	2022 £'000	2021 £'000	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Fixed assets	-	-	12,533	16,599	-	226	13,988	15,814	592	-
Current assets										
Debtors	639	1,161	28	59	-	18	255	504	4	-
Cash at bank and in hand	1,635	1,958	5,484	1,874	-	23	6,784	3,986	2,396	-
	2,274	3,119	5,512	1,933	-	41	7,039	4,490	2,400	-
Current liabilities										
Creditors	(1,822)	(2,156)	(98)	(202)	-	(3)	(127)	(336)	(15)	-
Net current assets	452	963	5,414	1,731	-	38	6,912	4,154	2,385	-
Creditors due after more than 1yr	(21)	(141)	-	-	-	(253)	(20,900)	(19,968)	-	-
Net assets	431	822	17,947	18,330	-	11	-	-	2,977	-

SOCIAL INVESTMENT BUSINESS FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

26 Guarantors

Locality (formerly The Development Trusts Association) Registered Charity no: 1036460 is the remaining founder member of SIBF. The Directors appointed by the Board are the non-founder Directors. The founder and non-founder Directors are the members of the Foundation. Every member undertakes to contribute a sum not exceeding £1 to the assets of the Foundation if it is wound up during his or her membership or within one year afterwards.

27 Amounts disbursed as agent - Group

SIBL manages and disburses the restricted funds as principal, with the income and expenditure included in the Group Statement of Financial Activities; and as agent, with the grants, related disbursements, assets and liabilities excluded from the Group's financial statements. The activities as agent are shown below and in other creditors.

Social Enterprise Investment Fund (SEIF)	2022 £'000	2021 £'000
Balance at 1 April	112	37
Returns to Funder (DoH)	(97)	(2,422)
Repayments from Investees	174	2,497
Balance held at 31 March	189	112
Power to Change grant programmes	2022 £'000	2021 £'000
Balance at 1 April	1,682	-
Funds received from PTC	7,889	21,813
Funds disbursed to grantees	(8,582)	(20,131)
Balance held at 31 March	989	1,682
Youth Endowment Fund grant programmes	2022 £'000	2021 £'000
Balance at 1 April	1,118	778
Funds received from YEF	(1,118)	12,149
Funds disbursed to grantees	-	(11,809)
Balance held at 31 March	-	1,118

SOCIAL INVESTMENT BUSINESS FOUNDATION

England & Wales - Charity number 1117185

Accounts

A background photograph showing a woman with dark curly hair and a young boy in a wheelchair. They are both smiling and looking at each other, engaged in a conversation. The image is slightly faded to allow the text to be visible.

Social Investment
Business Foundation

Annual Report and Consolidated Financial Statements

Year Ended 31 March 2021

Charity number 1117185

Company Number 05777484

Contents

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Trustees

Rt Hon Hazel Blears (Chair)

Hugh Rolo OBE (resigned 22nd September 2021)

James Rice

Jeremy Newman (resigned 30th January 2021)

Jenny North

Richard Pelly OBE

Robert Hewitt

Sonali Siriwardena

Jagjit Dosanjh-Elton (appointed 27th January 2021)

Edward Wallis (appointed 22nd September 2021)

Company Secretary and registered office

Nishit Chikhliya (appointed 8th July 2021)

Nicolas Temple (appointed 11th December 2020, resigned 8th July 2021)

Sarah Watson (resigned 20th November 2020))

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

Charity number

1117185

Company number

05777484

Auditor

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

Social Investment Business Foundation

REPORT OF THE BOARD OF TRUSTEES

The Board of Trustees of Social Investment Business Foundation (SIBF) present their report together with the audited financial statements for the Group for the year ended 31 March 2021, in accordance with the Company's governing documents. These statements have been prepared under the *Guidelines in the Accounting and Reporting by Charities: Statement of Recommended Practice, 2019 (Charities SORP) 2nd Edition*, and with the Companies Act 2006. The Trustees are also Directors of SIBF for the purposes of company law.

1 Objectives and Activities

The objects of the Charity are to promote for the public benefit all purposes as are recognised as charitable under the laws of England and Wales including but not limited to:

- supporting community organisations in areas of social need that are charities and the charitable activities of other community organisations, including provision of advice, support and assistance and/or
- the making and the promotion of social investments by means of loans, grants, guarantees, equity, near equity or other financial interventions or assistance to charities or for charitable purposes, including but not limited to supporting community organisations operating in areas of social need and/or
- promoting the efficient and effective application of charitable resources by those charities and for charitable purposes by the provision of financial advice, support and related assistance to charities and for charitable projects in relation to such loans, grants, guarantees, equity, near equity or other financial interventions and social investments

SIBF 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

SIBF manages the Communitybuilders Fund and the Adventure Capital Fund, both of which invest in community based social enterprises. SIBF is the parent company of Social Investment Business Limited (SIB Limited), 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. SIBF is also the parent company and sole shareholder of Forward Enterprise FM Ltd, a company limited by shares. Forward Enterprise FM Ltd, was established in March 2018 with the sole purpose of making investments in enterprises working with or being led by ex-offenders or people in recovery from addiction and creating employment opportunities for people from these communities. It is also the parent company and sole shareholder of Social Investment Business FM Ltd (SIB FM), a company limited by shares established with the sole purpose of making investments during Covid. Collectively the group of companies is referred to as Social Investment Business (SIB).

SIBF is also a shareholder and investor in Social and Sustainable Capital LLP (0C378569) (SASC).

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

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

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

2.1 Putting our customers at the heart of everything we do

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

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

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

2.2 Being an impactful investor and support provider

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

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

Highlights of activity during the year under this priority include:

- Developing and launching the Resilience and Recovery Loan Fund (RRLF) through a new subsidiary SIBFM, disbursing £18m in loans and grants by 31 March 21, and eventually disbursing over £28m in loans and grants to 77 charities and social enterprises experiencing financial difficulty due to the impact of COVID-19. The Fund used the Coronavirus Business Interruption Loan Scheme (CBILS) and was made possible by investment from Big Society Capital and grant from the Access Foundation.
- Setting up and running an emergency grants round for the Youth Endowment Fund which received 1000+ applications. 130 organisations received £6.5m in total.
- Setting up and running three emergency grants rounds for Power to Change to support community businesses in need of support due to the pandemic. The Trading Income Support Scheme (TISS) distributed £4.6m, the Covid Community-Led Organisation Recovery Scheme (CCLORS) distributed £9.3m, and the Renewal Fund a further £3m+. CCLORS was particularly notable for its partnership work with the Ubele Initiative & Locality – which, along with a data-driven approach, led to 69% of the grants going to Black & Minority-led organisations, whilst 86% went to organisations supporting those communities.
- Managing existing social investment portfolios with particular flexibility during Covid, offering repayment holidays and support to investees who received finance via Futurebuilders, Communitybuilders and the Social Enterprise Investment Fund in Health (SEIF)
- Many of the smaller investment funds we manage, including the Northern Cultural Regeneration Fund, First Steps (with Asda) and the Liverpool City Region Impact Fund, were stalled somewhat by the pandemic and superseded by guarantee-backed funds. These will be revisited in the coming year.
- Continuing to deliver a successful Reach Fund and Enterprise Development Programme with the Access Foundation, providing a range of non-financial support for organisations seeking to build new enterprise models and seek investment in line with those. The latter programme has expanded its remit from youth & homelessness to mental health, inequalities, black & minority-led organisations, and the environment working with partners Centre for Youth Impact, Homeless Link, Association of Mental Health Providers, Equally Ours, the Ubele Initiative and Groundwork.
- Working with the Architectural Heritage Fund and the National Lottery Community Fund Scotland to broker and provide tailored support to charities and social enterprises to help them be more effective

2.3 Influencing and shaping the landscape to be more effective

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

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

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

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

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

External business development, more accurate pricing of contract delivery and cost management have all helped improve the Foundation's information and position. In addition, SIB's informed approach to provisioning means that the portfolios that SIB manages were not unduly affected by the impact of the pandemic – though this will require careful attention in the months and years ahead.

2.5 Investing in our people and systems to help achieve excellence

(a) People

Work during the year has focused on two main areas:

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

- SIBF is an accredited London Living Wage employer, and openly publishes our gender pay gap, diversity pay gap, pay ratio (1:3.9) between the lowest and highest paid employees, and anonymous team information on age, gender & ethnicity in our annual impact report on the website.

(b) Systems

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

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

3 Future Developments

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

4 Main Strategic Risks

SIB 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 together with actions that can be or are being taken in mitigation is analysed according to its perceived potential impact, likelihood of occurrence together with actions taken in mitigation.

The risk register lists six main areas of concern, as follows, with associated mitigations:

- Performance of our investment funds and those that we manage for others
 - mitigated by clear provisions policy & scrutiny by 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 funds, 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, community panel and regular feedback

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

Trustees 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.

5 Going Concern

The Trustees have reviewed the forecasts for each company in the group, covering a period of 12 months from the date of signing these financial statements. A number of scenarios were tested, including the continuing uncertainty of the impact of COVID-19.

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

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

Where SIB's own funds are directly invested, SIB has retained a cautious provisioning position to ensure any future risk is mitigated, and continues to monitor 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.

Based on worst-case assumptions, all companies within the group, apart from FEFM, are anticipated to have sufficient cash resources for at least 12 months following the date of signing these financial statements. FEFM has been prepared on a liquidation basis as the SIBF trustees and FEFM directors have agreed to cease operating FEFM as a separate company and transfer management of the FEFM investment portfolio to SIBF. As a result, the Trustees 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

The Statement of Financial Activities (SOFA) shows that the Group's unrestricted reserves decreased by £400k (2020: increase £1,046k). Restricted reserves decreased by £8,128k mainly due to funds of £7,966k being returned from Futurebuilders to the DCMS (2020: decrease £328k, nil returned to DCMS)

Unrestricted income, including transfers from restricted funds, increased by £1,518k to £3,801k (2020: £2,283k) and unrestricted expenditure increased by £2,964k to £4,201k (2020: £1,237k), due to increased activity in the year.

For full detail of this year's performance by the subsidiaries see Note 23 to the Group Accounts.

7 Reserves Policy

The Trustees have ultimate responsibility for ensuring SIBF has an effective Group Reserves Policy. The reserve policy is established to ensure that each company has adequate reserves and/or retained profits to meet the current and future needs of the business, whilst taking into consideration the requirements of the individual subsidiaries and ensuring they comply with the Charities SORP and the Companies Act 2006. The policy is reviewed each year.

The policy is to balance the goal of sustainability with the aim of being efficient as a not-for-profit organisation. Decisions on the appropriate, sustainable levels of reserves will be informed by a combination of short-term working capital requirements, projected levels of operating costs, estimates of contract exit costs and availability of funds for new business development. The reserves are to be held in cash or cash equivalent securities.

SIBF's reserves policy stipulates that the cash and reserves position is to be sufficient to cover a minimum of 6 months operating costs and to enable SIBF to develop new initiatives in support of its charitable objects. With 6 months operating costs estimated at £1,500k, the Trustees have agreed a target reserves of £1,500k to £2,000k. At the end of the year, the Group's free reserves stood at £2,699k.

8 Treasury Management Policy

SIBF 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, funds are used to support social or environmental benefit, and SIB builds relationships in the sector and influences banking attitudes to social enterprise.

SIBF has several bank accounts across which funds are deposited to spread risk, our policy limits a maximum of £10m in any individual bank which must be AA rated in line with our key principle of security for our assets. These limits are regularly reviewed, having first been agreed by the Audit and Finance Committee in 2017, with a subsequent Ethical Banking review by the Committee in October 2018 which led to a move of money from mainstream to social banks more aligned to the Foundation's mission.

We hold assets on behalf of funds that are not our own. We have significant amounts of money held in cash, because this money can be called upon to be disbursed or returned to its owners at short notice.

9 Structure, Governance and Management

(a) Background and Legal Structure

The Group is formed as follows:

Social Investment Business Foundation
Board of Trustees report for the year ended 31 March 2021

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

SIBL is a private company limited by guarantee and a subsidiary of SIB Foundation.

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

FEFM and SIBFM are private companies limited by shares, with SIBF as the sole shareholder.

(b) Governance and Decision Making

The governance structures and decision-making processes for all the companies in the Group are laid out in the relevant articles of association. In this financial year, the Group engaged NCVO to conduct a governance review in line with the Charity Governance Code – recommendations are being worked through and enacted.

SIBF is governed by 8 members of the Board of Trustees. During the year the following Board Sub-Committee Structure was in place:

SIBF Investment Committee (quarterly)

Group Audit & Finance Committee (quarterly)

Group Remuneration Committee (meets as required, usually annually)

FutureBuilders England Investment Committee (quarterly)

Forward Enterprise Fund Investment Committee (FEF) (as required)

SIB Limited has a Board comprising 7 Non-Executive Directors, these govern SIBL, FEFM and retain governance rights and a supervisory role over FBE. FBE's Board of Directors is the Executive Senior Management Team of SIBL. FEFM Ltd has a Board of 2 Directors drawn from the SIBF Board.

For the Group we also ensure that governance and decision-making processes are in line with and enable us to meet contractual obligations set in all agreements with external parties.

The Directors delegate the day-to-day management of the Group to the Executive team. The Executive team throughout the year were:

Nicolas Temple	Chief Executive
Sarah Watson	Director of Finance & Operations (to 4 November 20)
Phil King	Interim Director of Finance (from 6 January 21)
Robert Benfield	Director of Enterprise & Development
Genevieve Maitland Hudson	Director of Learning & Influence
Deborah Smart	Director of Grants
Shelby Bradley	Director of People & Values

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

Each member agrees to contribute £1 in the event of the charity winding up. The remaining Founder Member, Locality, has the right to nominate a representative to sit on the Board of Trustees.

The Trustees are committed to ensuring that the Boards have the combination of skills necessary to support the effective provision of finance to charities and community enterprises. We will ensure that our Board of Trustees includes skills and expertise in the following areas: banking and investment, community regeneration and social enterprise, business, commercial law and financial and risk management.

(c) Public Benefit Statement

The Trustees have considered the Charity Commission's general guidance on public benefit when reviewing our aims and objectives and in planning our future activities. We are mindful of the need to ensure that all funds and activities will deliver public benefit and help us to meet our aims and objectives and are also taking account of Charity Commission guidance around non-charitable organisations.

The Trustees have a duty to include in this Annual Report a statement on the Charity's public benefit and demonstrate that:

- They are clear about what benefits are generated by the activities of the Charity;
- The benefits and beneficiaries are related and appropriate to the Charity's objects and aims.

We have set out under 'Objectives and Activities' above how we deliver public benefit against our charitable objectives.

(d) Fundraising statement

Section 162a of the Charities Act 2011 requires charities to make a statement regarding fundraising activities. Although we do not undertake widespread fundraising from the general public, the legislation defines fund raising as "soliciting or otherwise procuring money or other property for charitable purposes." Such amounts receivable are presented in our accounts as "voluntary income" and includes legacies and grants.

In relation to the above we confirm that all solicitations are managed internally, without involvement of commercial participators or professional fundraisers, or third parties. The day-to-day management of all income generation is delegated to the Executive team accountable to the Trustees.

SIBF is not bound by any undertaking to be bound by any regulatory scheme and the SIBF does not consider it necessary to comply with any voluntary code of practice.

We have received no complaints in relation to fundraising activities. Our terms of employment always require staff to behave reasonably; as we do not approach individuals for funds, we have not specified this to fundraising activities nor do we consider it necessary to design specific procedures to monitor such activities.

(e) Related parties

Related party transactions are referred to in detail in note 22 to the financial statements.

(f) Statement of Trustees' Responsibilities

The Trustees (who are also directors of SIBF for the purposes of company law) are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Trustees 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 group and charity and of the incoming resources and application of resources, including the income and expenditure, of the group for that period.

In preparing these financial statements, the Trustees 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 charity will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity 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 charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees 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.

(g) Disclosure of Information to Auditor

In so far as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware
- the Trustees 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 Trustees report, incorporating the Strategic Report was approved by the Trustees of SIB Foundation on 2nd November 2021 and signed on their behalf.



Rt Hon Hazel Blears

Chair

Date: 2nd November 2021



Jagjit Dosanjh-Elton

Trustee

Date: 2nd November 2021

Auditor's Report

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

Opinion on the financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Charitable Company's affairs as at 31 March 2021 and of the Group's outgoing resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Social Investment Business Foundation ("the Parent Charitable Company") and its subsidiaries ("the Group") for the year ended 31 March 2021 which comprise the consolidated statement of financial activities, the consolidated balance sheet, the consolidated cash flow statement 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 remain independent of the Group and Parent Charitable Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions related to going concern

In auditing the financial statements, we have concluded that the Trustees' 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 Group and the Parent Charitable Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. The other information comprises the Trustees Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other Companies Act 2006 reporting

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

- the information given in the Trustees' Report, which includes the Directors' Report prepared for the purposes of Company Law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report, which is included in the Trustees' report, has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and the Parent Charitable Company and its environment obtained in the course of the audit, we have not identified material misstatement in the Strategic report or the Trustee'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 by the Parent Charitable Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Charitable Company 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.

Responsibilities of Trustees

As explained more fully in the Trustees' responsibilities statement, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and

Social Investment Business Foundation
Auditor's report for the year ended 31 March 2021

for such internal control as the Trustees determines 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 Trustees are responsible for assessing the Group's and the Parent Charitable 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 Trustees either intend to liquidate the Group or the Parent Charitable Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under the Companies Act 2006 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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

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

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

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

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

Audit procedures performed by the engagement team included:

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

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

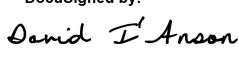
Social Investment Business Foundation
Auditor's report for the year ended 31 March 2021

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's ("FRC'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 Charitable 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 Charitable 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 Charitable Company and the Charitable Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

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David I'Anson (Senior Statutory Auditor)

For and on behalf of BDO LLP, statutory auditor

Southampton UK

Date: 05 November 2021

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

Statement of Accounts

Social Investment Business Foundation

Consolidated Statement of Financial Activities

for the year ended 31 March 2021

Company no 05777484		Unrestricted Funds 2021 £'000	Restricted Funds 2021 £'000	Group 2021 £'000	Group 2020 £'000
	Notes				
Income from:					
Charitable activities:					
Investment income	2	-	1,499	1,499	1,752
Fund management income	3	1,821	683	2,504	1,233
Grant income	3	-	5,237	5,237	4,186
Other income	4	273	23	296	324
Total income		2,094	7,442	9,536	7,495
Expenditure on:					
Charitable activities:					
Fund management costs	5	(4,021)	(279)	(4,300)	(2,949)
Fund costs - grants awarded	7	-	(5,237)	(5,237)	(4,189)
Recycled amounts due to Funders	7	-	(7,966)	(7,966)	-
Share of associate (loss) for the year		(180)	-	(180)	(71)
Total expenditure		(4,201)	(13,482)	(17,683)	(7,209)
Net movement on investments					
Investment provision (increase)/decrease	7	-	(444)	(444)	342
Net (expenditure)/income		(2,107)	(6,484)	(8,591)	628
Transfers between funds	7	1,707	(1,707)	-	-
Net (expenditure)/income before tax	8	(400)	(8,191)	(8,591)	628
Corporation tax credit	10	-	63	63	90
Net movement in funds		(400)	(8,128)	(8,528)	718
Reconciliation of Funds					
Funds brought forward at 1 April		3,099	55,038	58,137	57,419
Funds carried forward at 31 March		2,699	46,910	49,609	58,137

The notes on page 19 to 38 form part of these financial statements. All activities in the current and preceding periods relate to continuing activities.

SIB Foundation has taken advantage of the exemption in section 408 of the Companies Act 2006 not to present its own statement of financial activities. The deficit for the year incurred by the Foundation was £400k (2020: surplus £358k).

Social Investment Business Foundation
Statement of Accounts for the year ended 31 March 2021

Social Investment Business Foundation

Company No 5777484

Consolidated Balance Sheet

as at 31 March 2021

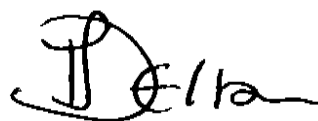
	Notes	Group		Foundation	
		2021	2020	2021	2020
		£'000	£'000	£'000	£'000
Fixed Assets					
Tangible fixed assets	11	-	-	-	-
Mixed motive investments - loans to investees	12	37,911	28,008	5,273	5,742
Investments - loan to subsidiary		-	-	141	203
Investment in associate	13	-	180	-	180
Mixed motive investment in associate	13	11,500	11,500	11,500	11,500
		<u>49,411</u>	<u>39,688</u>	<u>16,914</u>	<u>17,625</u>
Current Assets					
Debtors	14	1,251	853	225	127
Amount due from group companies		-	-	90	18
Short Term Deposits		16,172	6,922	16,172	6,922
Cash at bank and in hand		11,338	19,047	3,497	14,058
		<u>28,761</u>	<u>26,822</u>	<u>19,984</u>	<u>21,125</u>
Current Liabilities					
Creditors: amounts falling due within one year	15	(2,401)	(1,109)	(367)	(395)
Grants payable	15	-	(1,144)	-	(1,144)
Amounts due to group companies		-	-	(388)	(150)
Amount due to associate		(3,245)	(2,938)	(3,245)	(2,938)
		<u>(5,646)</u>	<u>(5,191)</u>	<u>(4,000)</u>	<u>(4,627)</u>
Net Current Assets		23,115	21,631	15,984	16,498
Total Assets less Current Liabilities		72,526	61,319	32,898	34,123
Creditors: amounts falling due after more than one year					
Amounts owed to Fund co-investors	16	(20,221)	(232)	-	-
Provisions for liabilities in associate		(2,696)	(2,950)	(2,696)	(2,950)
		<u>(22,917)</u>	<u>(3,182)</u>	<u>(2,696)</u>	<u>(2,950)</u>
Net Assets		<u>49,609</u>	<u>58,137</u>	<u>30,202</u>	<u>31,173</u>
Funds					
Unrestricted funds		2,699	3,099	1,878	2,664
Restricted funds		46,910	55,038	28,324	28,509
Total funds	17	<u>49,609</u>	<u>58,137</u>	<u>30,202</u>	<u>31,173</u>

The notes on page 19 to 38 form part of these financial statements.

These financial statements were approved by the Board of Directors on 2nd November 2021 and were signed on its behalf by:



Rt Hon Hazel Blears
Chair



Jagjit Dosanjh-Elton
Trustee

Social Investment Business Foundation
Statement of Accounts for the year ended 31 March 2021

Social Investment Business Foundation

Consolidated Cash Flow Statement

For the year ended 31 March 2021

	Notes	2021 £ '000	2020 £ '000
Net cash used in operating activities	19	10,357	(4,737)
Cash flows from investing activities			
Payment from/(to) associate		307	(1,440)
Investment income		1,499	1,752
Payments for financial investments		(16,612)	(280)
Repayments of financial investments		5,990	4,961
Net cash (used in)/generated from investing activities		(8,816)	4,993
Net Increase in cash and cash equivalents		1,541	256
Cash and cash equivalents at the beginning of the year		25,969	25,713
Cash and cash equivalents at the end of the year		27,510	25,969

Analysis of net funds	Balance at 1 April 2020 £ '000	Movement during the year £ '000	Balance at 31 March 2021 £ '000
Cash	19,047	(7,709)	11,338
Short term deposits	6,922	9,250	16,172
	25,969	1,541	27,510

The notes on page 19 to 38 form part of these financial statements.

Social Investment Business Foundation

Notes to the Consolidated Financial Statements

For the year ended 31 March 2021

1 Significant accounting policies

(a) Reporting entity

The Social Investment Business Foundation (SIB Foundation) is a charity limited by guarantee and governed by the Charities Act 2011 and the Companies Act 2006 and domiciled in the United Kingdom.

SIB (the Group) consists of the ultimate parent SIB Foundation (the Foundation), SIB Limited (SIBL - 100% owned), and its subsidiaries: Futurebuilders England Limited (FBE - 100% owned), Forward Enterprise FM Limited (FEFM - 100% owned), and Social Investment Business FM Ltd (SIBFM – 100% owned). Both SIB Limited and FBE have traded under the name of the Social Investment Business since 28 July 2009.

The Group is authorised for the Communitybuilders Fund, Futurebuilders Fund and Modernisation Fund, and the Resilience and Recovery Loan Fund, as the Fund Manager, to act as the Principal therefore all transactions relating to these Funds are recorded in the Statement of Financial Activities and Balance Sheet.

The Group is authorised by the Social Enterprise Investment Fund (SEIF), as the Fund Manager, to act as the Agent therefore transactions relating to the Fund are not part of the Financial Statements. Income received for managing the Fund and the cost associated with managing the Fund are recorded in the financial statements. The Group acts as the Agent in respect of the Centre for Social Action Fund, Big Potential (Big Lottery). The Group acts as Principal for the Access Reach and Access Impact Grants.

(b) Basis of preparation

These financial statements for the Group are prepared on the going concern basis, under the historical cost convention, and in accordance with the Charities Act 2011, Companies Act 2006 (FRS102), and applicable accounting standards in the United Kingdom. These financial statements have also been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102 second edition, October 2019). The Foundation constitutes a public benefit entity as defined by FRS 102.

(c) Going concern

The Trustees have reviewed the forecasts for each company in the group, 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, SIBF 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

1 Significant accounting policies (continued)

to undertake several emergency grant rounds with its strategic partners. The changing pattern of working has altered SIBF'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. SIBF has made no use of the government's furlough scheme.

COVID-19 had been anticipated to have a serious impact on SIBF's investees. From the start of the first lockdown, SIBF 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 SIBF's forecasts as a result. This means that SIBF's 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.

Where SIBF's own funds are directly invested, SIBF 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.

SIBF's worst-case scenario 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, all companies within the group are anticipated to have sufficient cash resources for at least 12 months following the date of signing these financial statements. As a result, the Trustees have not identified any material uncertainties and therefore consider it appropriate for the accounts to be prepared on a going concern basis.

(e) Basis of consolidation

SIB Foundation has taken advantage of the exemption in section 408 of the Companies Act 2006 not to present its own statement of financial activities.

Futurebuilders England Limited fund treatment

The contracts dated 1 April 2011 between Cabinet Office and SIB Limited and between Cabinet Office and FBE to manage the funds advanced by Cabinet Office to FBE expired on 31 March 2013. Those contracts expressly stated that FBE was acting as principal and on this basis, and taking into account the substance of the relationship with Cabinet Office, the assets and liabilities of FBE were fully consolidated in the accounts of the Group at 31 March 2013 and previous years and the monies advanced by Cabinet Office were treated as restricted funds.

This contract was replaced by a new contract between SIB Limited and Cabinet Office which ran from 1 April 2013 to 31 March 2016. Although there are some differences between the previous contract and the new contract the governance arrangements, and the substance of the relationship between SIB Limited and Cabinet Office with regard to the management of these funds, remain largely unchanged, with the contract extended to March 2022.

1. Significant accounting policies (continued)

In particular, Cabinet Office has advised that, in its opinion, FBE continues to act as principal under the contract and the contract specifically states that FBE "will hold the assets and liabilities of the fund on its balance sheet" although the new contract does not have an express statement confirming that FBE acts as principal not as agent.

In all these circumstances, the assets and liabilities of FBE continue to be fully consolidated in the Group's accounts at 31 March 2020 and the monies advanced by Cabinet Office continue to be treated as restricted funds. However, under the new contract, the Cabinet Office:

- ✎ has the right to terminate the contract at any time by giving at least three months' notice;
- ✎ will be given all shares in FBE for no consideration at the end of such notice period, and
- ✎ can require FBE to "deal with the Funds in the manner directed by Cabinet Office".

If the above were to occur there would be a change in the nature of the relationship with Cabinet Office and in the substance of the agreement with The Social Investment Business Limited. In such circumstances, the Group would immediately recognise in its accounts:

- ✎ a disposal of a subsidiary undertaking for no consideration should Cabinet Office serve notice to terminate the contract; or
- ✎ a liability should Cabinet Office make a request for funds to be returned to them.

The Futurebuilders contract with the Cabinet Office was transferred to DCMS during 2016/17.

(f) Fund Accounting***Restricted Funds***

Restricted Funds are to be used for specific purposes either laid down by the funder or specified in each agreement for the benefit of identified beneficiaries. Expenditure incurred by the Foundation for these purposes is charged to the fund, together with a fair allocation of overheads, support costs and interest income.

Unrestricted Funds

Unrestricted Funds are available for use against operating costs in delivery of specific funds as stated in the service agreements in place and within the overall price therein, but at the trustees/directors' discretion in how delivery is achieved within that price. Where contracts might place restrictions on any gains, any cost savings are repayable to the appropriate funder on a basis specified in the contract. Fees payable to the group for the management of restricted funds are unrestricted and are transferred from restricted to unrestricted reserves.

(g) Investment in associate – SASC

During 2013, SIB Foundation acquired a 29% share of Social and Sustainable Capital LLP (SASC) - entitling the Group to a 51% share of all future profit distributions. The investment in this associate has been accounted for using the equity method - with the initial investment recognised at cost which is considered to be the fair value of the consideration paid by the group. The carrying amount of the investment is increased or decreased to recognise the Group's share of the profit or loss of SASC - and this profit or loss is reflected in the Group's results for the period.

As at 31 March 2021, SIB Foundation had committed £10m to SASC from the Communitybuilders Fund to invest into SASC's Community Investment Fund. SIB Foundation also committed £1.5m as

1. Significant accounting policies (continued)

first loss provision on SASC's Third Sector Loan Fund. Based on a review of these investments, a risk-calibrated provision of £2,696k is included in the Financial Statements.

In January 2019 SIB Foundation allocated £2m out of the CIF commitment of £10m into the SASC Housing Fund (SASH)

(h) Income

All income is included in the Statement of Financial Activities when the group is legally entitled, receipt is probable and the amount can be measured reliably, and performance related conditions are fulfilled

Investment income including associated tax, relating to both unrestricted and restricted funds is recognised when receivable. Fund management fee income is recognised when the Group is entitled to the income based on the fund management contract.

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.

Grant income, where the Group operates as Principal, is recognised in the Statement of Financial Activities at the point where the award is known, and the group is entitled to receive it.

Funds received but not disbursed, in respect of investment and grant activity, where the Group is Agent, is not recognised in the Statement of Financial Activities but disclosed within Note 25 below.

(i) Expenditure

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party and on an accruals basis in the period in which they are incurred. Resources expended include attributable VAT when this cannot be recovered.

Charitable activities costs incurred on activities comprise all the resource applied by the Group in undertaking its charitable objectives. Expenditure is allocated between:

- expenditure incurred directly to the fulfilment of the Foundation's objectives
- expenditure on the governance infrastructure which allows the Foundation to operate and to generate the information required for public accountability.

Items of indirect expenditure are apportioned on an appropriate basis as follows:

- Within Governance costs, staff time is attributed on an analysis of time spent on the various activities.
- Fund management costs and cost of generating funds are allocated as incurred and according to time spent.
- Premises and operational costs are allocated pro rata to staff time.

Governance costs are costs incurred in connection with meetings of the Board of Trustees and Committees of the Group, fees paid to the statutory auditors, internal auditors and legal fees where they are not for services provided in relation to our fund management activities. The expenditure classed as Governance costs has been detailed in note 5, and these costs have been allocated over fund management costs on the basis of staff time spent on these activities.

1. Significant accounting policies (continued)

Support costs are functions that assist the work of the Foundation but do not directly undertake charitable activities. Support costs include back office costs, finance and human resources. The basis on which support costs have been allocated are set out in note 6.

Funds to be returned for recycling are recognised only when their return is formally notified, or requested, by the funder.

Grant expenditure is recognised at the point where the Group has a legal, or constructive, obligation to make a payment, the grant has been approved and communicated to the recipient. Loan offers communicated are recognised as a Financial Investment in the Balance Sheet only once a disbursement has been made to the investees.

(j) Defined contribution pension schemes

The Group operates a defined contribution pension scheme. Contributions to the pension scheme are recognised as an expense in the Statement of Financial Activities as incurred.

(k) Operating leases

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

(l) 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 balance sheet date.

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

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.

The Group's subsidiaries are liable for corporation tax on their operating profits, to the extent not gift-aided to the holding charity.

(m) 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 consolidated Statement of Financial Activities 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)

1. Significant accounting policies (continued)

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

(n) Financial investments

Financial investment loans, equivalent to mixed motive investments, are recognised at the point of the disbursement under the conditions set out in the loan.

(o) Provisions

The Group recognises a provision for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that expenditures will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense and is included in "finance costs".

The Group makes specific provisions for impairment against loans when, as a result of frequent monitoring and review by the Investment Committees, it is considered that recovery is doubtful. A calibrated risk approach to the investment books of the Futurebuilders, Modernisation, Communitybuilders, Adventure Capital Funds and Forward Enterprise Fund results in a further general provision being made to the financial investments, after taking account of individual specific provisions. Provisions made during the year, less amounts released, are charged to the Statement of Financial Activities and are netted off against financial investments in the balance sheet.

Significant judgement and estimates – provisions

Preparation of the financial statements requires management to make significant judgements and estimates. Significant judgements and estimates have been used in the calculation of both specific and risk calibrated provisions which are deducted from financial investments after the deduction of specific provisions. These provisions are calculated by applying impairments to financial investments after assessing their likelihood of default based on financial and subjective metrics.

In respect of financial investments, the amount of specific provisions is £16.1m (2020: £17.5m), and the risk calibrated provision applied to the financial investments is £1.9m (2020: £1.47m)

(p) 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. Where VAT is not recoverable as input tax then it is recognised as part of the related asset or expense.

The net amount of VAT recoverable from, or payable to HMRC is included as part of debtors or creditors in the balance sheet.

Commitments and contingencies are disclosed exclusive of VAT.

1 Significant accounting policies (continued)**(q) Cash and cash equivalents**

All cash held in accounts of less than 90-day notice is treated as Cash and, classified as a Deposit if notice is required to draw down cash.

2 Investment income

	Group 2021 £ '000	Group 2020 £ '000
By Fund		
Adventure Capital Fund (ACF)	29	127
Futurebuilders Fund	678	1,089
Modernisation Fund	1	2
Forward Enterprise FM Limited	15	14
Liverpool Local Impact Fund (Liverpool LIF)	15	17
Communitybuilders Fund	164	503
Resilience & Recovery Loan Fund	597	
	<u>1,499</u>	<u>1,752</u>
By nature:		
Interest on investments	1,498	1,589
Interest on bank deposits - restricted	1	94
Other income	-	69
	<u>1,499</u>	<u>1,752</u>

Investment income relates to loan interest receivable on ACF, Futurebuilders, Modernisation and Communitybuilders Funds. Loans disbursed under the Modernisation Fund were at zero percent interest with the exception of 3SC.

In 2021, £1,499k of the investment income (2020: £1,752k) was attributable to restricted income funds with none (2020: Nil) being added to unrestricted funds.

3 Fund management income and Grant Income

	Group 2021 £ '000	Group 2020 £ '000
Fund Management fees:	2,504	1,233
Grants under management	5,237	4,186
Total Fund Management income	<u>7,741</u>	<u>5,419</u>

Fund management income is derived from managing grant and loan funds, of which £1,821k (2020: £ 1,179k) is unrestricted income and £682k (2020: £54k) is attributable to restricted funds. All Grants under Management are restricted income

4 Other income

	Group 2021 £ '000	Group 2020 £ '000
Other income including business support income	296	324
	<u>296</u>	<u>324</u>

Business Support income in respect of the funds is for support provided to investees by staff and external consultants under the Communitybuilders Fund and the Social Enterprise Investment Fund and which has been recharged to these funds.

5 Analysis of Fund Management and Governance Costs

	Group 2021 £ '000	Group 2020 £ '000
Staff costs	1,189	1,278
Premises and operational	278	16
Legal and other professional	76	9
Depreciation	-	32
Operating leases for land and buildings	114	113
Business consultants - investee support	72	134
Other consultancy	252	85
Other direct cost	425	46
Direct fund management	16	126
Governance	407	356
Support costs	1,471	754
	<u>4,300</u>	<u>2,949</u>

6 Allocation of governance and support costs Governance and support costs comprise the following:

	Group 2021		Group 2020		Basis of apportionment
	Governance	Support costs	Governance	Support costs	
	£'000	£'000	£'000	£'000	
Staff costs	193	758	228	270	Staff time
Premises and operational	30	177	4	4	Staff time
Legal and other professional	-	32	-	6	Invoices
Board and investment committee costs	-	-	2	-	Invoices
Depreciation	-	-	8	8	Staff time
Auditors' remuneration - audit services	103	-	55	-	Governance
Auditors' remuneration - non audit services	23	-	36	-	Governance
Internal audit	4	-	(6)	-	Governance
Other consultancy	8	234	-	11	Staff time
Other direct cost	46	270	29	455	Staff time
	<u>407</u>	<u>1,471</u>	<u>356</u>	<u>754</u>	

Social Investment Business Foundation

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

7 Fund costs

	Group 2021 £ '000	Group 2020 £ '000
Grants awarded	<u>(5,191)</u>	<u>4,189</u>
	Group 2021 £ '000	Group 2020 £ '000
Transfers to management fees:		
- Communitybuilders Fund	263	340
- Futurebuilders Fund	663	638
- Resilience & Recovery Loan Fund	<u>781</u>	<u>-</u>
	<u>1,707</u>	<u>978</u>

Transfer to management fee – Communitybuilders Fund represents a transfer from the restricted Communitybuilders Fund to SIB Limited as payment of the fund management fee.

Transfer to management fee – Futurebuilders Fund represents the payment of the management fee from DCMS to SIB Limited from returns to the Fund.

Transfer to management fee – Resilience & Recovery Fund represents a transfer from the restricted SIB FM funds to SIB Limited as payment for initial set-up, and loan arrangement fees.

All of these are shown as transfers between restricted and unrestricted funds on the face of the Statement of Financial Activities.

	2021 £ '000	2020 £ '000
Recycled funds due to the DCMS	<u>7,966</u>	<u>-</u>
	Group 2021 £ '000	Group 2020 £ '000
Investment provisions/write offs made in year		
<i>Write offs</i>		
Capital	75	2,045
Interest	<u>-</u>	<u>35</u>
	<u>75</u>	<u>2,080</u>
<i>Provisions</i>		
Capital	577	(4,244)
Interest	<u>46</u>	<u>(378)</u>
	<u>623</u>	<u>(4,622)</u>
<i>Other adjustments</i>		
Investment in SASC	<u>(254)</u>	<u>2,200</u>
Net (income) expenditure related to fund costs	<u>444</u>	<u>(342)</u>

8 Net Income (Expenditure) for the year

	Group 2021 £ '000	Group 2020 £ '000
Net Expenditure is stated after charging:		
Depreciation	-	47
Operating leases for land and buildings	114	113
Auditors' remuneration - audit services current year	103	55
Auditors' remuneration - non audit services	23	36
Internal audit	4	(6)

9 Staff costs

	Group 2021 £ '000	Group 2020 £ '000
Wages and salaries	1,819	1,441
Social security costs	182	152
Other pension costs	139	184
	<u>2,140</u>	<u>1,777</u>

Included in the figures above are payments made to key management personnel defined as Directors and the Group Senior Management team (CEO, Director of Finance & Operations, Director of Learning & Influence, and Director of Enterprise & Development, Director of Grants, Director of People & Values).

The payments to Directors of SIB Foundation Board are for their services to the Group. Authority for remunerating Directors is included within the memorandum and articles of SIB Foundation. The total SIB Foundation Directors remuneration is £16,647 (2020: £17,480) of which the Chair is paid at £12,480 (2020: £12,480). The Chair is paid by SIB Ltd at £24,960 via A Mon Avis Limited (2020: £24,960 of which £12,480 is recharged to SIB Foundation).

Payments are also made to the Directors of SIB Limited, a subsidiary of SIB Foundation. The total SIB Limited Director remuneration costs are £49,862 (2020: £45,480) of which £NIL (2020: £NIL) relates to pension payments. This means that the total Group Trustee and Director costs amounted to £66,509 (2020: £62,960) including pension payments of £NIL (2020: £NIL).

Remuneration for the 6 members of the Group Senior Management team totalled £529,199 (2020: 4 members, £297,578) including pension payments of £37,117 (2020: £26,185).

During the year £33,000 compensation was made to employees for loss of office (2020: £31,000).

The monthly average number of employees during the year was as follows:

Social Investment Business Foundation

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

9 Staff costs (continued)

	Group 2021	Group 2020
Operational staff	34	31
Management staff	6	4
	<u>40</u>	<u>35</u>
Number of employees in the following salary ranges:	Group 2021	Group 2020
£60,000 - £69,999	3	3
£70,000 - £79,999	2	-
£90,000 - £99,999 *	-	1
£100,000 - £109,999 *	1	-
	<u>6</u>	<u>4</u>

*Includes the Chief Executive

One member of operational staff was employed by the parent company SIB Foundation (2020: one).

Board, Investment Committee and Directors' remuneration

Board, Investment committee and Directors' remunerations are payments to members of the SIB Limited and SIB Foundation Board for their services to the group. Authority for remunerating Directors is included within the memorandum and articles of SIB Foundation.

	Salary		Expenses	
	2021	2020	2021	2020
	£	£	£	£
Hazel Blears	24,960	24,960	-	-
Hugh Rolo	-	-	-	1,261
Jeremy Newman	10,000	12,000	-	861
Louise Keeling	5,250	7,000	-	-
Richard Pelly	7,000	7,000	-	-
Jim Rice	4,000	4,000	-	-
Jeremy Nicholls	4,000	4,000	-	260
Jenny North	4,000	4,000	-	-
Amina Ahmad	5,533	-	-	-
Jagit Dosanjh-Elton	1,436	-	-	-
Anne-Marie Vine-Lott	330	-	-	-
	<u>66,509</u>	<u>62,960</u>	<u>-</u>	<u>2,382</u>

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

Pensions

SIB Foundation 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: 6% or 8% depending on level of employee contribution.

The assets of the schemes are held separately from those of the group in independently administered funds. The pension cost charge represents contributions payable under the schemes by the group to the funds.

9 Staff costs (continued)

Outstanding pension contributions for the Group at the year-end was £17,056 (2020: £3,176).

Other Board, Investment Committee and Directors' costs

A total of nil was paid in other Board, Investment Committee and Director costs in the year ended 31 March 2021 (2020: £2,382), due to Covid travel restrictions during the year.

10. Corporation tax credit

SIB Foundation as a registered charity is exempt from Corporation tax under the Corporation Tax Act 2010 (chapters 2 and 3 of part II, section 466 onwards) or Section 256 of the Taxation for Chargeable Gains Act 1992, to the extent surpluses are applied to its charitable purposes.

FBE is not subject to corporation tax on fund income on drawn down requests in respect of investments to Civil Society Organisations. Corporation tax is chargeable to the restricted Fund where it relates to loan interest received. Corporation tax relating to interest accrued is borne by FBE and is included as a charge against the unrestricted management fee.

Any tax-adjusted surplus arising in FBE and SIB Limited on the payment they receive to cover operational and management costs will be taxable. The tax charge arising on the payment received to cover operational and management costs differs from the surplus/deficit on that payment as follows:

	2021 £ '000	2020 £ '000
Net Income (Expenditure) - FBE, FEFM, SIB FM and SIB Ltd		
Net income(expenditure) before taxation	(7,864)	280
Tax at 19% thereon	1,493	(53)
Effects of:	-	
Expenses not deductible for tax purposes	(1,516)	
Deferred tax adjustment for tax rate change	-	13
Deferred tax not recognised	(42)	(120)
Utilisation of tax loses	120	
Adjustments in respect of the prior period	8	250
Actual current tax (charge)/credit	63	90

A potential deferred tax asset of £48,057 exists at the year-end (2020: £6,910) relating to fixed asset timing differences. This has not been recognised within the financial statements.

11 Tangible fixed assets

	Office equipment & IT £ '000
Cost	
at 1 April 2020 and 31 March 2021	244
Accumulated depreciation	
at 1 April 2020 and 31 March 2021	244
Net book value	
at 1 April 2020 and 31 March 2021	-

12 Financial investments

Financial investments are in the form of loans and guarantees and are mixed motive investments. This year the group have made specific provisions against 2 loans (2020: 2) which may be non-performing. The Trustees believe that the carrying value of the investments is supported by their underlying assets.

In year	Group		Foundation	
	2021 £ '000	2020 £ '000	2021 £ '000	2020 £ '000
Balance at 1 April	28,008	30,491	5,742	6,528
New loans disbursed	16,612	280	268	50
Repayments received	(5,990)	(4,961)	(582)	(2,645)
Loan balance at 31 March before write off and provisions	38,630	25,810	5,428	3,933
Loans written off	(75)	(2,046)	(75)	(1,088)
Movement in provisions	(644)	4,244	(80)	2,897
	(719)	2,198	(155)	1,809
Balance at 31 March	37,911	28,008	5,273	5,742

	Group		Foundation	
	2021 £ '000	2020 £ '000	2021 £ '000	2020 £ '000
Maturity of loans and advances:				
Within 1 year	7,772	1,597	1,058	541
Over 1 year to 5 years	22,227	11,963	2,475	2,534
Over 5 years	7,912	14,448	1,740	2,667
	37,911	28,008	5,273	5,742

12 Financial investments (continued)

	Group		Foundation	
	2021	2020	2021	2020
	£ '000	£ '000	£ '000	£ '000
Provisions brought forward 1 April	17,498	21,742	6,225	9,122
Increase in provisions	716	186	139	123
Provisions (written off)/released	(72)	(4,430)	(59)	(3,020)
Provisions carried forward 31 March	<u>18,142</u>	<u>17,498</u>	<u>6,305</u>	<u>6,225</u>

SIB Foundation

The Foundation shows an increase in provision in the year of £80k (2020 decrease £2,897k) comprising an increase in ACF of £79k (2020: increase of £123k), a decrease in Communitybuilders provision of £66k (2020: decrease £3,020k), an increase of £50k in East London IF (2020: nil) an increase of £13k in the Liverpool LIF provision (2020: no movement) and an increase of £4k (2020 no movement) in the NCRIF provision.

Futurebuilders England Limited

During the year, an additional specific provision of £270k was made on 1 loan (2020: £31k, 1 loan). Specific provisions were released across 10 loans totalling £165k (2020: £1,141k, 3 loans) In addition, the risk calibrated provision was decreased by £63k (2020 decrease: £269k)

13 Financial investments – Other Mixed Motive Investments

SASC	Group	Group
	2021	2020
	£ '000	£ '000
Movements in the carrying value of Investment in SASC		
Balance at 1 april	180	251
Share of total recognised revenues and expenses	<u>(180)</u>	<u>(71)</u>
Balance at 31 March	<u>-</u>	<u>180</u>

Investment in associate – SASC

During 2013, SIB Foundation acquired a 29% share of Social and Sustainable Capital LLP (SASC) – entitling the Group to a 51% share of all future profit distributions. The investment in this associate has been accounted for using the equity method – with the initial investment recognised at cost which is considered to be the fair value of the consideration paid by the group. The carrying amount of the investment is increased or decreased to recognise the Group's share of the profit or loss of SASC - and this profit or loss is reflected in the Group's results for the period.

As at 31 March 2021, SIB Foundation had committed £8m to SASC from the Communitybuilders Fund to invest into SASC's Community Investment Fund (CIF), against which there is a provision of £1,571k. SIB Foundation also committed £1.5m as first loss provision on SASC's Third Sector Loan Fund. It is estimated that £375k of the loss provision will be repaid to SIB Foundation over 10 years, and therefore a provision for the remaining £1.125m is included in the financial statements. SIB Foundation has also committed £2m to SASC's new housing fund, SASH, meaning SIB is invested in each of SASC's main funds.

14 Debtors: amounts falling due within one year

	Group		Foundation	
	2021	2020	2021	2020
	£ '000	£ '000	£ '000	£ '000
Trade debtors	334	381	-	9
Corporation tax	-	92	-	-
Investee interest receivable	500	250	117	112
Prepayments and accrued income	388	73	108	6
Amount due from subsidiaries	-	-	90	18
Other debtors	29	57	-	-
	<u>1,251</u>	<u>853</u>	<u>315</u>	<u>145</u>

15 Creditors: amounts falling due within one year

	Group		Foundation	
	2021	2020	2021	2020
	£ '000	£ '000	£ '000	£ '000
Trade creditors	125	46	-	23
Other taxation and social security	351	196	1	5
Corporation Tax	98	-	-	-
Other creditors	1,163	205	340	179
Accruals	420	487	26	29
Amount due to subsidiaries	-	-	388	150
Deferred income	244	175	-	159
Grant funds repayable	-	1,144	-	1,144
	<u>2,401</u>	<u>2,253</u>	<u>755</u>	<u>1,689</u>

All of the above deferred income has been released since the Balance Sheet date as it relates to quarter one of the next financial year.

16 Creditors: amounts falling due in more than one year

	Group		Foundation	
	2021	2020	2021	2020
	£ '000	£ '000	£ '000	£ '000
Amounts owed to co-investors:				
Owed to BSC, co-investor in FEFM	246	232	-	-
Owed to Access, co-investor in FEFM	7	-	-	-
Owed to BSC, co-investor in SIBFM	19,968	-	-	-
	<u>20,221</u>	<u>232</u>	<u>-</u>	<u>-</u>

Social Investment Business Foundation

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

17 Funds

<i>In year</i>	Balance 1 April 2020 £'000	Income £'000	Expenditure + Provisions £'000	Transfers £'000	Balance 31 March 2021 £'000
Group					
Futurebuilders Fund	26,517	689	(8,245)	(631)	18,330
Communitybuilders Fund	23,707	162	118	(263)	23,724
Resilience & Recovery Fund	-	1,248	(467)	(781)	-
Other Investment Funds	4,814	106	(32)	(32)	4,856
Grant Funds	-	5,237	(5,237)	-	-
Restricted Funds carried forward	55,038	7,442	(13,863)	(1,707)	46,910
Unrestricted Funds	3,099	2,094	(4,201)	1,707	2,699
Total Funds carried forward	58,137	9,536	(18,064)	-	49,609

<i>previous year</i>	Balance 1 April 2019 £'000	Income £'000	Expenditure + Provisions £'000	Transfers £'000	Balance 31 March 2020 £'000
Group					
Futurebuilders Fund	25,566	1,091	498	(638)	26,517
Communitybuilders Fund	24,769	503	(1,225)	(340)	23,707
Other Investment Funds	5,031	410	(627)	-	4,814
Grant Funds	-	4,186	(4,186)	-	-
Restricted Funds carried forward	55,366	6,190	(5,540)	(978)	55,038
Unrestricted Funds	2,053	1,305	(1,237)	978	3,099
Total Funds carried forward	57,419	7,495	(6,777)	-	58,137

The Futurebuilders Fund provides loan financing, often combined with grants and professional support, to civil society organisations in England that need investment to help them bid for, win and deliver public service contracts. This Fund is closed for new applications.

The Communitybuilders Fund provides loans, grants and business support to multi-purpose, inclusive, community-led organisations (sometimes known as Community Anchors). This restricted fund takes the form of an endowment to SIB Foundation and, in March 2021, the current restrictions will be lifted.

The Resilience & Recovery Fund was initiated to support VCSE's faced with financial difficulties due to the Covid-19 disruption and restrictions.

18 Analysis of net assets between funds

<i>In year</i>	Fixed & current assets 2021 £'000	Financial Investments 2021 £'000	Total liabilities 2021 £'000	Total Funds 2021 £'000
Restricted Funds	21,978	49,411	(24,479)	46,910
Unrestricted Funds	7,901	-	(5,202)	2,699
Total Group	29,879	49,411	(29,681)	49,609
<i>previous year</i>	2020 £'000	2020 £'000	2020 £'000	2020 £'000
Restricted Funds	21,028	39,508	(5,498)	55,038
Unrestricted Funds	6,101	180	(3,182)	3,099
Total Group	27,129	39,688	(8,680)	58,137

19 Cash Flow Statement – reconciliation of net income/(expenditure) to net cash inflow/(outflow) from operating activities

	Group 2021 £ '000	Group 2020 £ '000
Net(expenditure)/income after taxation	(8,528)	718
Investments income and bank interest received	(1,499)	(1,752)
Depreciation	-	47
Increase/(Decrease) in investment provisions/write offs	719	(2,198)
(Decrease)/Increase in associate investment provision	(254)	2,200
(Increase) in debtors	(399)	(307)
Increase/(Decrease) in creditors	20,138	(3,516)
Net outgoing from associate	180	71
Net cash generated by/(used in) operating activities	10,357	(4,737)

20 Contingent Liabilities

Social Investment Business Foundation

If an investee of the Adventure Capital Fund sells an asset purchased with those funds, the Home Office could require a partial repayment of its grant to the extent of any sales proceeds received by SIB Foundation under any security which it holds over the investee. This could be regarded as a contingent liability but any obligation to pay the Home Office would be matched by funds received from the investee.

Futurebuilders England Limited

- i) The company has no contingent liabilities in respect of Futurebuilders Fund bank guarantees made on behalf of investees (2020: nil). The bank guarantees become contingent liabilities once the bank guarantee agreement has been signed by FBE.
- ii) FBE's parent company, The Social Investment Business Limited, won a new contract to manage the fund commencing on 1 April 2013 for three years. An agreement was signed on 8 March 2019 to further extend the contract from April 2019 to March 2022. FBE entered into a portfolio holding contract with the Cabinet Office on 1 April 2013, for the duration of the management contract. Income will be acknowledged in the Statement of Financial Activities and the loan books will be represented on the Balance Sheet. During 2016/17, the FBE contract was transferred from Cabinet Office to DCMS and, by the close of the contract, currently extended to March 2022, the Funds will revert to DCMS. The total funds value at 31 March 2021 was £18,524k (2020 £26,517k).

21 Operating lease commitments

The SIBF Group has no future minimum lease payments under non-cancellable operating leases. The office is rented under a rolling lease which is automatically renewed every 6 months, there is a 6 months termination clause in the agreement.

Social Investment Business Foundation

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

22 Related Party Transactions

SIB Foundation is a partner in SASC which includes: The Third Sector Loan Fund LLP and the Community Investment Fund LP.

SIB Foundation paid SIB Limited £262k for management of the Communitybuilders Fund, and £297k towards operational and premises costs. SIB Foundation received £6k in interest and £62k in capital regarding an intercompany loan between SIB Foundation and SIB Ltd.

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

SIB Limited is a trading subsidiary of the SIB Foundation. SIB Foundation is a partner in SASC LLP.

23 Investment in Subsidiaries

Name	Status	Members	% owned	Registered No
<i>Parent Charity</i>				
Social Investment Business Foundation (SIBF) Charity No 1117185	Company limited by guarantee	8 Trustees are guarantors		05777484
<i>Subsidiaries:</i>				
The Social Investment Business Ltd (SIBL)	Company limited by guarantee	SIBF	100%	06490609
Futurebuilders England Ltd (FBE)	Company limited by guarantee	SIBL	100%	05066676
Forward Enterprise FM Ltd (FEFM)	Company limited by shares	SIBF	100%	11238102
Social Investment Business FM Ltd (SIB FM)	Company limited by shares	SIBF	100%	12543106
Social Investment Business Loans Ltd	Company limited by shares	SIBF	100%	13259359

All are registered in England & Wales.

All have their registered address at: CAN Mezzanine, 7-14 Great Dover Street, London SE1 4YR.

Associate:

Social and Sustainable Capital LLP (SASC)	Limited liability partnership	SIBF	29%	OC378659

The financial results of the subsidiaries are summarised below:

Profit and Loss Account	SIB Ltd		FBE Ltd		FEFM Ltd		SIB FM Ltd
	2021 £'000	2020 £'000	2021 £'000	2020 £'000	2021 £'000	2020 £'000	2021 £'000
Income	9,650	6,284	689	1,091	70	103	1,248
Expenditure	(9,263)	(6,848)	(8,939)	(257)	(71)	(93)	(1,248)
Net income / (deficit) before tax	387	(564)	(8,250)	834	(1)	10	0
Corporation tax (charge) / credit	-	-	63	92	-	(2)	-
Net income / (deficit) for the year after tax	387	(564)	(8,187)	926	(1)	8	0

Social Investment Business Foundation

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

Balance Sheet	SIB Ltd		FBE Ltd		FEFM Ltd		SIB FM Ltd
	2021	2020	2021	2020	2021	2020	2021
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Fixed Assets	-		16,599	22,046	226	221	15,814
Current Assets							
Debtors	1,161	714	59	173	18	14	504
Cash at bank and in hand	1,958	658	1,874	4,322	23	10	3,986
	3,119	1,372	1,933	4,495	41	24	4,490
Current Liabilities							
Creditors	(2,156)	(734)	(202)	(24)	(3)	(231)	(336)
Net current assets/(liabilities)	963	638	1,731	4,471	38	(207)	4,154
Creditors due after more than 1yr	(141)	(203)	-	-	(253)	(2)	(19,968)
Net Assets	822	435	18,330	26,517	11	12	-

24 Guarantors

Locality (formerly The Development Trusts Association) Registered Charity no: 1036460 is the remaining founder member of SIB Foundation. The Directors appointed by the Board are the non-founder Directors. The founder and non-founder Directors are the members of the Foundation. Every member undertakes to contribute a sum not exceeding £1 to the assets of the Foundation if it is wound up during his or her membership or within one year afterwards.

25 Amounts disbursed as agent

SIB Limited manages and disburses the restricted funds as Principal, with the income and expenditure included in the Group Statement of Financial Activities; and as Agent, with the grants, related disbursements, assets and liabilities excluded from the Group's financial statements. The activities as Agent are shown below.

Social Enterprise Investment Fund (SEIF)	2021	2020
	£ '000	£ '000
Balance at 1 April	37	(55)
Returns to Funder (DoH)	(2,422)	(1,365)
Repayments from Investees	2,497	1,457
Balance held at 31 March	112	37
Power to Change grant programmes	2021	2020
	£ '000	£ '000
Balance at 1 April	-	-
Funds received from PTC	21,813	-
Funds disbursed to grantees	(20,131)	-
Balance held at 31 March	1,682	-
Youth Endowment Fund grant programmes	2021	2020
	£ '000	£ '000
Balance at 1 April	778	-
Funds received from YEF	12,149	5,175
Funds disbursed to grantees	(11,809)	(4,397)
Balance held at 31 March	1,118	778

Social Investment Business Foundation

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

26 Statement of Financial Activities for prior year

	Notes	Unrestricted Funds	Restricted Funds	Group
	1(c)			
		2020 £'000	2020 £'000	2020 £'000
Income from:				
Charitable activities:				
Investment income	2	-	1,752	1,752
Fund management income	3	1,233	-	1,233
Grant income	3	-	4,186	4,186
Other income	4	72	252	324
Total income		1,305	6,190	7,495
Expenditure on:				
Charitable activities:				
Fund management costs	5	1,163	1,786	2,949
Fund costs - grants awarded	7	3	4,186	4,189
Recycled amounts due to Funders	7	-	-	-
Share of associate loss for the year	13	71	-	71
Total expenditure		1,237	5,972	7,209
Net gains on investments				
Investment provision (decrease)/increase	7	-	(342)	(342)
Net income/(expenditure)		68	560	628
Transfers between funds	7	978	(978)	-
Net income(expenditure) before tax	7	1,046	(418)	628
Corporation tax credit	10	-	90	90
Net movement in funds		1,046	(328)	718
Reconciliation of Funds				
Funds balance brought forward at 1 April		2,053	55,366	57,419
Funds balance carried forward at 31 March		3,099	55,038	58,137

27 Post Balance Sheet Event

The end of March 2021 marked ten years since the Communitybuilders repayments were endowed to Social Investment Business Foundation. As per the original agreement, the restrictions associated with that endowment are removed after a decade, which means that all Communitybuilders funds become unrestricted as from April 2021.