

A photograph of a woman with dark curly hair and a young boy with light hair, both smiling and engaged in conversation. The image is slightly faded and serves as a background for the central text.

Social  
Investment  
Business  
Foundation

# **Annual Report and Consolidated Financial Statements**

Year Ended 31 March 2024

Charity number 1117185

Company Number 05777484

**Contents**

	Page
Trustees, Officers and Advisers	2
Trustees' Report	3 - 11
Statement of Trustees' Responsibilities	12
Independent auditor's report	13 - 15
Consolidated Statement of Financial Activities	16
Consolidated Balance Sheet	17
Consolidated Statement of Cash Flows	18
Notes to the consolidated financial statements	19 - 44

**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

**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 2<sup>nd</sup> October 2024 and signed on their behalf.



-----  
**Sonali Siriwardena**

**Chair**

**Date: 2<sup>nd</sup> October 2024**



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

**Trustee**

**Date: 2<sup>nd</sup> 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
<b>Income from:</b>					
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
<b>Total income</b>		<u>11,055</u>	<u>58,494</u>	<u>69,549</u>	<u>22,551</u>
<b>Expenditure on:</b>					
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>
<b>Total expenditure</b>		<u>(11,126)</u>	<u>(58,160)</u>	<u>(69,286)</u>	<u>(29,743)</u>
<b>Net movement on investments</b>					
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>
<b>Net income/(expenditure)</b>		<u>(957)</u>	<u>341</u>	<u>(616)</u>	<u>(5,674)</u>
<b>Transfers between funds</b>	22	<u>125</u>	<u>(125)</u>	<u>-</u>	<u>-</u>
<b>Net income/(expenditure) before tax</b>	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>
<b>Net movement in funds</b>		<u>(962)</u>	<u>216</u>	<u>(746)</u>	<u>(5,918)</u>
<b>Reconciliation of funds</b>					
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.

		<b>Group</b>		<b>Foundation</b>	
	<b>Notes</b>	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
		<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Fixed assets</b>					
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>
<b>Current assets</b>					
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>
<b>Current liabilities</b>					
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>
<b>Net current assets</b>		<u>14,401</u>	<u>15,296</u>	<u>7,658</u>	<u>11,050</u>
<b>Total assets less current liabilities</b>		<u>54,379</u>	<u>54,557</u>	<u>29,907</u>	<u>30,164</u>
<b>Creditors: amounts falling due after more than one year</b>					
Amounts owed to fund co-investors	20	(12,021)	(11,453)	-	-
<b>Net assets</b>		<u>42,358</u>	<u>43,104</u>	<u>29,907</u>	<u>30,164</u>
<b>Funds</b>					
Unrestricted funds	22	22,523	23,485	21,978	22,748
Restricted funds	22	19,835	19,619	7,929	7,416
<b>Total funds</b>	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
<b>Operating activities</b>			
Cash used in operating activities	23	(1,183)	(9,100)
Income taxes paid		(244)	(35)
<b>Net cash used in operating activities</b>		<b>(1,427)</b>	<b>(9,135)</b>
<b>Cash flows from investing activities</b>			
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
<b>Net cash generated by/(used in) investing activities</b>		<b>977</b>	<b>(12,447)</b>
<b>Net (decrease) in cash and cash equivalents</b>		<b>(450)</b>	<b>(21,582)</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>15,904</b>	<b>37,486</b>
<b>Cash and cash equivalents at the end of the year</b>		<b>15,454</b>	<b>15,904</b>
<b>Analysis of cash and cash equivalents</b>			
		<b>2024 £'000</b>	<b>2023 £'000</b>
Cash at bank and in hand		11,566	8,661
Short term deposits		3,888	7,243
		<b>15,454</b>	<b>15,904</b>

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**

	<b>Group 2024 £'000</b>	<b>Group 2023 £'000</b>
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**

	<b>Group 2024 £'000</b>	<b>Group 2023 £'000</b>
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**

	<b>Group 2024 £'000</b>	<b>Group 2023 £'000</b>
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**

	<b>Group 2024 £'000</b>	<b>Group 2023 £'000</b>
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**

	<b>Group 2024 £'000</b>	<b>Group 2023 £'000</b>
<b>Direct costs</b>		
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
<b>Support costs</b>		
Governance	1,103	558
Support costs	2,880	1,107
	<b>10,764</b>	<b>7,131</b>

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:

	<b>Group 2024</b>		<b>Group 2023</b>		<b>Basis of appointment</b>
	<b>Governance £'000</b>	<b>Support Costs £'000</b>	<b>Governance £'000</b>	<b>Support Costs £'000</b>	
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
	<b>1,103</b>	<b>2,880</b>	<b>558</b>	<b>1,107</b>	

**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
<b>Grants awarded but not disbursed</b>				
Youth Investment Funds		483		1,604
Employment		8		244
Other		1,149		69
		57,678		15,612

	Notes	Group 2024 £'000	Group 2023 £'000
<b>Repayments to DCMS</b>			
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**

	<b>Group 2024 £'000</b>	<b>Group 2023 £'000</b>
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**

	<b>Group 2024 £'000</b>	<b>Group 2023 £'000</b>
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:

	<b>Group 2024 No</b>	<b>Group 2023 No</b>
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.

	<b>Salary</b>		<b>Expenses</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
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:

	<b>2024</b> <b>£'000</b>	<b>2023</b> <b>£'000</b>
<b>Net expenditure</b>		
Net expenditure before taxation	(746)	(5,674)
Tax at 25% thereon	(187)	(1,078)
Effects of:	331	
Expenses not deductible for tax purposes		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**

	<b>Website &amp; software licenses</b> <b>£'000</b>
<b>Group</b>	
<b>Cost</b>	
At 1 April 2023	<u>27</u>
At 31 March 2024	<u>27</u>
<b>Amortisation</b>	
At 1 April 2023	7
Amortisation charged for the year	9
At 31 March 2024	<u>16</u>
<b>Net book value</b>	
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
<b>Group and Foundation</b>	
<b>Cost</b>	
At 1 April 2023	244
Disposal	(244)
31 March 2024	-
<b>Accumulated depreciation</b>	
At 1 April 2023	244
Disposal	(244)
31 March 2024	-
<b>Net book value</b>	
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.

	<b>Group</b>		<b>Foundation</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
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

	<b>Group</b>		<b>Foundation</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
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)**

	<b>Group</b>		<b>Foundation</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
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**

	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
<b>CIF</b>		
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>
<b>Balance at 31 March</b>	<u><u>585</u></u>	<u><u>550</u></u>
<b>SASH</b>		
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
<b>Balance at 31 March</b>	<b>1,861</b>	<b>1,631</b>



**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)**

<b>Group and Foundation</b>	<b>2024 £'000</b>	<b>2023 £'000</b>
<b><i>TSIF</i></b>		
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)
<b>Balance at 31 March</b>	<b>-</b>	<b>375</b>
<b>Total balance at 31 March</b>	<b>2,446</b>	<b>2,556</b>

***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**

<b>Group and Foundation</b>	<b>2024 £'000</b>	<b>2023 £'000</b>
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**

	<b>Group</b>		<b>Foundation</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
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**

	<b>Group</b>		<b>Foundation</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
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**

	<b>Group</b>		<b>Foundation</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
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**

	<b>Group</b>		<b>Foundation</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Amounts owed to co-investors:</b>				
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:

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

**22 Funds**

<i>In year</i>	<b>Balance 1 April 2023 £'000</b>	<b>Income £'000</b>	<b>Expenditure and provisions £'000</b>	<b>Transfers £'000</b>	<b>Balance 31 March 2024 £'000</b>
<b>Group</b>					
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)
<b>Restricted funds carried forward</b>	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
<b>Total funds carried forward</b>	<b>43,104</b>	<b>69,549</b>	<b>(70,295)</b>	<b>-</b>	<b>42,358</b>



**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>	<b>Balance 1 April 2022 £'000</b>	<b>Income £'000</b>	<b>Expenditure and provisions £'000</b>	<b>Transfers £'000</b>	<b>Balance 31 March 2023 £'000</b>
<b>Group</b>					
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)
<b>Restricted funds carried forward</b>	<b>28,240</b>	<b>17,294</b>	<b>(22,604)</b>	<b>(3,311)</b>	<b>19,619</b>
Designated funds	-	-	(280)	10,000	9,720
Unrestricted funds	20,782	5,257	(5,585)	(6,689)	13,765
<b>Total funds carried forward</b>	<b>49,022</b>	<b>22,551</b>	<b>(28,469)</b>	<b>-</b>	<b>43,104</b>

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**

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

**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:**

	<b>Group 2024 £'000</b>	<b>Group 2023 £'000</b>
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:**

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

<b>Related Party</b>	<b>Relationship</b>	<b>Transaction type</b>	<b>2024 £</b>	<b>2023 £</b>
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:

<b>Name</b>	<b>Status</b>	<b>Members</b>	<b>% owned</b>	<b>Registered No</b>
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**

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

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)	-
<b>Net income/(deficit) before tax</b>	<b>52</b>	<b>305</b>	<b>(354)</b>	<b>(5,724)</b>	<b>-</b>	<b>-</b>	<b>31</b>	<b>35</b>	<b>-</b>	<b>-</b>
Corporation tax charge	-	-	(121)	(242)	-	-	(8)	(2)	110	-
<b>Net income/(deficit) for the year after tax</b>	<b>52</b>	<b>305</b>	<b>(475)</b>	<b>(5,966)</b>	<b>-</b>	<b>-</b>	<b>23</b>	<b>33</b>	<b>110</b>	<b>-</b>

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
<b>Fixed assets</b>	<b>11</b>	<b>20</b>	<b>9,046</b>	<b>10,847</b>	<b>3,770</b>	<b>6,868</b>	<b>9,157</b>	<b>5,428</b>	<b>2,247</b>	<b>-</b>
<b>Current assets</b>										
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	-
	<b>4,431</b>	<b>4,671</b>	<b>2,674</b>	<b>1,458</b>	<b>1,254</b>	<b>1,920</b>	<b>1,433</b>	<b>347</b>	<b>1,999</b>	<b>-</b>
<b>Current liabilities</b>										
Creditors	(3,653)	(3,954)	(215)	(325)	(3)	(35)	(57)	(65)	(311)	-
<b>Net current assets</b>	<b>778</b>	<b>717</b>	<b>2,459</b>	<b>1,133</b>	<b>1,251</b>	<b>1,885</b>	<b>1,376</b>	<b>282</b>	<b>1,688</b>	
<b>Creditors due after more than 1yr</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(5,021)</b>	<b>(8,753)</b>	<b>(7,000)</b>	<b>(2,700)</b>	<b>(825)</b>	<b>-</b>
<b>Net assets</b>	<b>789</b>	<b>737</b>	<b>11,505</b>	<b>11,980</b>	<b>-</b>	<b>-</b>	<b>3,533</b>	<b>3,010</b>	<b>3,110</b>	<b>-</b>



**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.

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

**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 image is slightly faded and serves as a background for the central text.

Social  
Investment  
Business  
Foundation

# **Annual Report and Consolidated Financial Statements**

Year Ended 31 March 2024

Charity number 1117185

Company Number 05777484

**Contents**

	Page
Trustees, Officers and Advisers	2
Trustees' Report	3 - 11
Statement of Trustees' Responsibilities	12
Independent auditor's report	13 - 15
Consolidated Statement of Financial Activities	16
Consolidated Balance Sheet	17
Consolidated Statement of Cash Flows	18
Notes to the consolidated financial statements	19 - 44

**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



**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 2<sup>nd</sup> October 2024 and signed on their behalf.



-----  
**Sonali Siriwardena**

**Chair**

**Date: 2<sup>nd</sup> October 2024**



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

**Trustee**

**Date: 2<sup>nd</sup> 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
<b>Income from:</b>					
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
<b>Total income</b>		<u>11,055</u>	<u>58,494</u>	<u>69,549</u>	<u>22,551</u>
<b>Expenditure on:</b>					
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>
<b>Total expenditure</b>		<u>(11,126)</u>	<u>(58,160)</u>	<u>(69,286)</u>	<u>(29,743)</u>
<b>Net movement on investments</b>					
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>
<b>Net income/(expenditure)</b>		<u>(957)</u>	<u>341</u>	<u>(616)</u>	<u>(5,674)</u>
<b>Transfers between funds</b>	22	<u>125</u>	<u>(125)</u>	<u>-</u>	<u>-</u>
<b>Net income/(expenditure) before tax</b>	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>
<b>Net movement in funds</b>		<u>(962)</u>	<u>216</u>	<u>(746)</u>	<u>(5,918)</u>
<b>Reconciliation of funds</b>					
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.

		<b>Group</b>		<b>Foundation</b>	
	<b>Notes</b>	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
		<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Fixed assets</b>					
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>
<b>Current assets</b>					
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>
<b>Current liabilities</b>					
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>
<b>Net current assets</b>		<u>14,401</u>	<u>15,296</u>	<u>7,658</u>	<u>11,050</u>
<b>Total assets less current liabilities</b>		<u>54,379</u>	<u>54,557</u>	<u>29,907</u>	<u>30,164</u>
<b>Creditors: amounts falling due after more than one year</b>					
Amounts owed to fund co-investors	20	(12,021)	(11,453)	-	-
<b>Net assets</b>		<u>42,358</u>	<u>43,104</u>	<u>29,907</u>	<u>30,164</u>
<b>Funds</b>					
Unrestricted funds	22	22,523	23,485	21,978	22,748
Restricted funds	22	19,835	19,619	7,929	7,416
<b>Total funds</b>	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
<b>Operating activities</b>			
Cash used in operating activities	23	(1,183)	(9,100)
Income taxes paid		(244)	(35)
<b>Net cash used in operating activities</b>		<b>(1,427)</b>	<b>(9,135)</b>
<b>Cash flows from investing activities</b>			
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
<b>Net cash generated by/(used in) investing activities</b>		<b>977</b>	<b>(12,447)</b>
<b>Net (decrease) in cash and cash equivalents</b>		<b>(450)</b>	<b>(21,582)</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>15,904</b>	<b>37,486</b>
<b>Cash and cash equivalents at the end of the year</b>		<b>15,454</b>	<b>15,904</b>
<b>Analysis of cash and cash equivalents</b>			
		<b>2024 £'000</b>	<b>2023 £'000</b>
Cash at bank and in hand		11,566	8,661
Short term deposits		3,888	7,243
		<b>15,454</b>	<b>15,904</b>

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**

	<b>Group 2024 £'000</b>	<b>Group 2023 £'000</b>
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**

	<b>Group 2024 £'000</b>	<b>Group 2023 £'000</b>
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**

	<b>Group 2024 £'000</b>	<b>Group 2023 £'000</b>
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**

	<b>Group 2024 £'000</b>	<b>Group 2023 £'000</b>
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**

	<b>Group 2024 £'000</b>	<b>Group 2023 £'000</b>
<b>Direct costs</b>		
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
<b>Support costs</b>		
Governance	1,103	558
Support costs	2,880	1,107
	<b>10,764</b>	<b>7,131</b>

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:

	<b>Group 2024</b>		<b>Group 2023</b>		<b>Basis of appointment</b>
	<b>Governance £'000</b>	<b>Support Costs £'000</b>	<b>Governance £'000</b>	<b>Support Costs £'000</b>	
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
	<b>1,103</b>	<b>2,880</b>	<b>558</b>	<b>1,107</b>	

**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
<b>Grants awarded but not disbursed</b>				
Youth Investment Funds		483		1,604
Employment		8		244
Other		1,149		69
		57,678		15,612

	Notes	Group 2024 £'000	Group 2023 £'000
<b>Repayments to DCMS</b>			
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**

	<b>Group 2024 £'000</b>	<b>Group 2023 £'000</b>
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**

	<b>Group 2024 £'000</b>	<b>Group 2023 £'000</b>
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:

	<b>Group 2024 No</b>	<b>Group 2023 No</b>
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:

	<b>2024</b> <b>£'000</b>	<b>2023</b> <b>£'000</b>
<b>Net expenditure</b>		
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**

	<b>Website &amp; software licenses</b> <b>£'000</b>
<b>Group</b>	
<b>Cost</b>	
At 1 April 2023	<u>27</u>
At 31 March 2024	<u>27</u>
<b>Amortisation</b>	
At 1 April 2023	7
Amortisation charged for the year	9
At 31 March 2024	<u>16</u>
<b>Net book value</b>	
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
<b>Group and Foundation</b>	
<b>Cost</b>	
At 1 April 2023	244
Disposal	(244)
31 March 2024	-
<b>Accumulated depreciation</b>	
At 1 April 2023	244
Disposal	(244)
31 March 2024	-
<b>Net book value</b>	
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.

	<b>Group</b>		<b>Foundation</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
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
	<b>Group</b>		<b>Foundation</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
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)**

	<b>Group</b>		<b>Foundation</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
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**

	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
<b>CIF</b>		
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>
<b>Balance at 31 March</b>	<u><u>585</u></u>	<u><u>550</u></u>
<b>SASH</b>		
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
<b>Balance at 31 March</b>	<b>1,861</b>	<b>1,631</b>

**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)**

<b>Group and Foundation</b>	<b>2024 £'000</b>	<b>2023 £'000</b>
<b><i>TSIF</i></b>		
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)
<b>Balance at 31 March</b>	<b>-</b>	<b>375</b>
<b>Total balance at 31 March</b>	<b>2,446</b>	<b>2,556</b>

***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**

<b>Group and Foundation</b>	<b>2024 £'000</b>	<b>2023 £'000</b>
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**

	<b>Group</b>		<b>Foundation</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
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**

	<b>Group</b>		<b>Foundation</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
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**

	<b>Group</b>		<b>Foundation</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
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**

	<b>Group</b>		<b>Foundation</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Amounts owed to co-investors:</b>				
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:

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

**22 Funds**

<i>In year</i>	<b>Balance 1 April 2023 £'000</b>	<b>Income £'000</b>	<b>Expenditure and provisions £'000</b>	<b>Transfers £'000</b>	<b>Balance 31 March 2024 £'000</b>
<b>Group</b>					
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)
<b>Restricted funds carried forward</b>	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
<b>Total funds carried forward</b>	<b>43,104</b>	<b>69,549</b>	<b>(70,295)</b>	<b>-</b>	<b>42,358</b>





**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>	<b>Balance 1 April 2022 £'000</b>	<b>Income £'000</b>	<b>Expenditure and provisions £'000</b>	<b>Transfers £'000</b>	<b>Balance 31 March 2023 £'000</b>
<b>Group</b>					
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)
<b>Restricted funds carried forward</b>	<b>28,240</b>	<b>17,294</b>	<b>(22,604)</b>	<b>(3,311)</b>	<b>19,619</b>
Designated funds	-	-	(280)	10,000	9,720
Unrestricted funds	20,782	5,257	(5,585)	(6,689)	13,765
<b>Total funds carried forward</b>	<b>49,022</b>	<b>22,551</b>	<b>(28,469)</b>	<b>-</b>	<b>43,104</b>

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**

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

**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:**

	<b>Group 2024 £'000</b>	<b>Group 2023 £'000</b>
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:**

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

<b>Related Party</b>	<b>Relationship</b>	<b>Transaction type</b>	<b>2024 £</b>	<b>2023 £</b>
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:

<b>Name</b>	<b>Status</b>	<b>Members</b>	<b>% owned</b>	<b>Registered No</b>
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**

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

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)	-
<b>Net income/(deficit) before tax</b>	<b>52</b>	<b>305</b>	<b>(354)</b>	<b>(5,724)</b>	<b>-</b>	<b>-</b>	<b>31</b>	<b>35</b>	<b>-</b>	<b>-</b>
Corporation tax charge	-	-	(121)	(242)	-	-	(8)	(2)	110	-
<b>Net income/(deficit) for the year after tax</b>	<b>52</b>	<b>305</b>	<b>(475)</b>	<b>(5,966)</b>	<b>-</b>	<b>-</b>	<b>23</b>	<b>33</b>	<b>110</b>	<b>-</b>

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
<b>Fixed assets</b>	<b>11</b>	<b>20</b>	<b>9,046</b>	<b>10,847</b>	<b>3,770</b>	<b>6,868</b>	<b>9,157</b>	<b>5,428</b>	<b>2,247</b>	<b>-</b>
<b>Current assets</b>										
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	-
	<b>4,431</b>	<b>4,671</b>	<b>2,674</b>	<b>1,458</b>	<b>1,254</b>	<b>1,920</b>	<b>1,433</b>	<b>347</b>	<b>1,999</b>	<b>-</b>
<b>Current liabilities</b>										
Creditors	(3,653)	(3,954)	(215)	(325)	(3)	(35)	(57)	(65)	(311)	-
<b>Net current assets</b>	<b>778</b>	<b>717</b>	<b>2,459</b>	<b>1,133</b>	<b>1,251</b>	<b>1,885</b>	<b>1,376</b>	<b>282</b>	<b>1,688</b>	
<b>Creditors due after more than 1yr</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(5,021)</b>	<b>(8,753)</b>	<b>(7,000)</b>	<b>(2,700)</b>	<b>(825)</b>	<b>-</b>
<b>Net assets</b>	<b>789</b>	<b>737</b>	<b>11,505</b>	<b>11,980</b>	<b>-</b>	<b>-</b>	<b>3,533</b>	<b>3,010</b>	<b>3,110</b>	<b>-</b>





**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.

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

**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



# Contents

Executive summary	3
Key audit risk findings	4
Qualitative aspects of accounting	9
Appendix	10





# 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
<b>Provisions and investment balances</b>	<p><b>Future Builders England Limited</b></p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p>
	<p><b>Social Investment Business FM Limited</b></p> <p>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.</p>

Risk	Findings
<b>Provisions and investment balances</b>	<b>SIB Loans Limited</b>  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.
	<p>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.</p> <p>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.</p>
	<b>Social Investment Business Foundation</b>  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.
	<b>Thrive Together</b>  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
<b>Management Override of controls</b>	<p>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.</p> <p>From our audit testing, we did not identify any significant or contentious transactions to bring to your attention.</p>
<b>Fund accounting</b>	<p>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.</p>

# Other audit risks

Risk	Findings
Income recognition	<p>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.</p> <p>We have also reviewed pro-bono items received in the year and consider that these have been accounted for appropriately.</p>
Going concern	<p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p>

# 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.

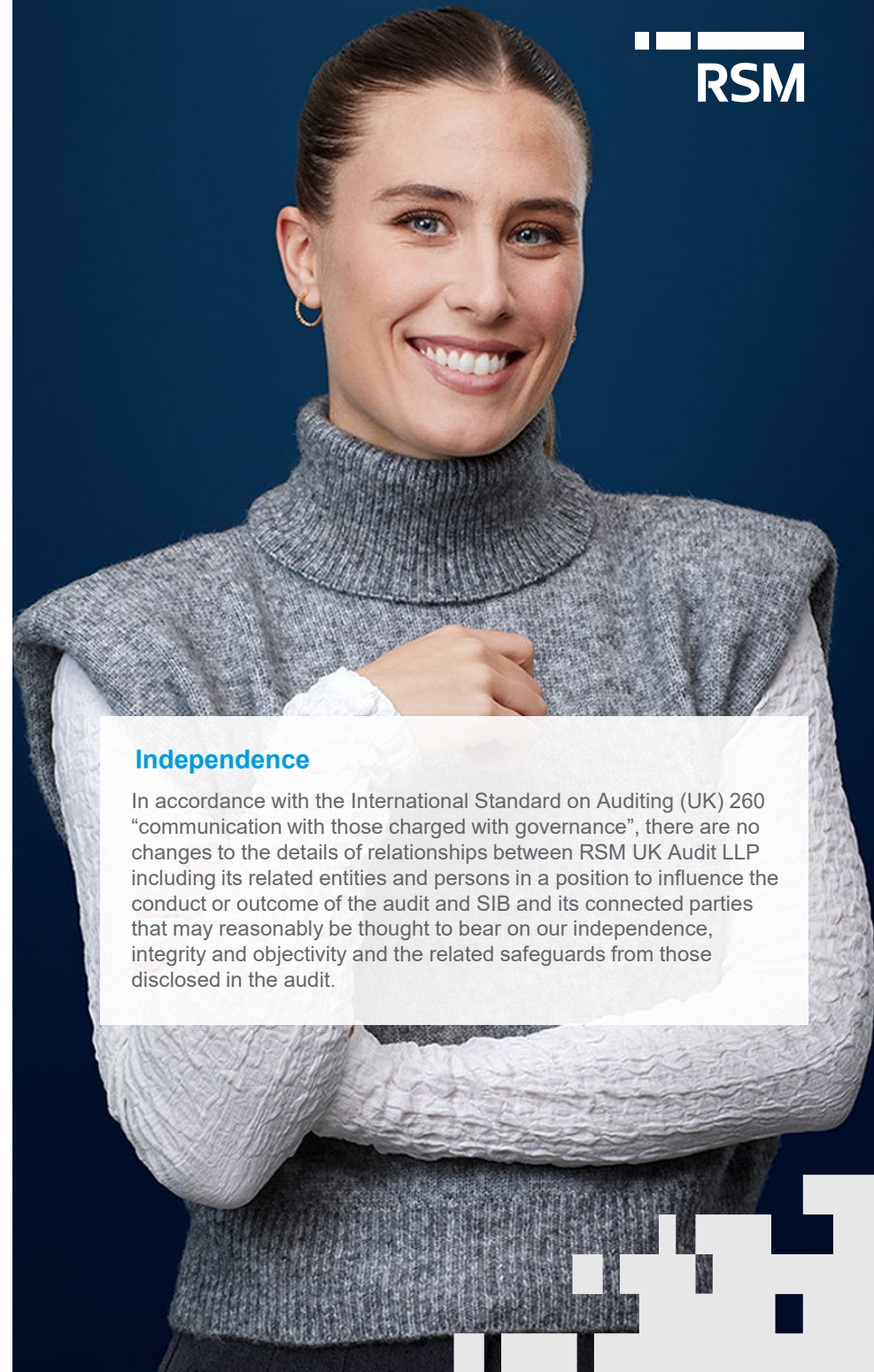
The following disclosure matters were brought to your attention and subsequently adjusted / not adjusted in the revised financial statements.

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

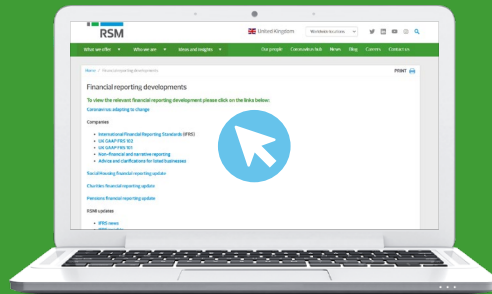
In accordance with the International Standard on Auditing (UK) 260 “communication with those charged with governance”, there are no changes to the details of relationships between RSM UK Audit LLP including its related entities and persons in a position to influence the conduct or outcome of the audit 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:

[Please click here](#)



## Choose your preferences

Keep up to date on the latest news and legislation changes by signing up to receive our alerts and newsletter.

[Please click here to register](#)





Audit risk summary  
taken from the audit plan

# Audit risk summary

Risk	Description	Response
<b>Management Override of controls</b>	<p>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.</p>	<p>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.</p> <p>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.</p> <p>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.</p>
<b>Fund accounting</b>	<p>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.</p> <p>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.</p>	<p>We will:</p> <ul style="list-style-type: none"> <li>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.</li> <li>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.</li> <li>Review costs allocated against restricted and designated funds and assess these against the terms of the fund.</li> <li>Ensure that procedures are in place for identifying restricted income.</li> <li>Consider the disclosures in the financial statements alongside the purposes of each fund to ensure this is consistent with any pre-existing condition.</li> </ul>



# Audit risk summary (continued)

Risk	Description	Response
<b>Income recognition</b>	<p>Income recognition could lead to the under or overstatement of resources. Within the core sources of funding the charity receives material grants.</p> <p>There is an inherent risk surrounding income recognition and cut off errors in the financial statements around the year end.</p>	<p>We will:</p> <ul style="list-style-type: none"> <li>Review the accounting policies adopted, considering the guidance available in SORP FRS102 and the three recognition criteria of entitlement, probability and measurement.</li> <li>Ensure that income is recognised appropriately and that any income received in advance is properly deferred in accordance with SORP requirements..</li> <li>Consider the nature of income in terms of contractual v performance related grants and the appropriate recognition of this income within this context.</li> </ul> <p>We will also review any pro-bono items received in the year and consider if these have been accounted for appropriately.</p>
<b>Going concern</b>	<p>The wider economy has presented challenges such as high inflation and the cost-of-living crisis.</p> <p>This could impact accounting estimates and judgements in the financial statements, in particular valuation of investments, recoverability of debtors, potential unrecorded liabilities etc.</p> <p>Guidance, released by the FRC, which may be helpful in management forming their assessment, can be found <a href="#">here</a>.</p> <p>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 <a href="#">here</a>.</p>	<p>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:</p> <ul style="list-style-type: none"> <li>The forward-looking assumptions used by management in their assessment relating to going concern including a review of the investment portfolio before sign off.</li> <li>Management's sensitivity analysis to reasonably possible changes in their assumptions, including downsides.</li> <li>Management's scenario analysis and contingency plans.</li> <li>Supporting evidence provided by management for their assumptions, and related disclosures, and challenge where necessary.</li> <li>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.</li> <li>Consistency, adequacy, and specificity of disclosures in the Annual Report in respect of principal risks and uncertainties and future plans.</li> <li>Implications, if any, for our audit report.</li> <li>We will seek written representations from management about their plans for the future and the feasibility of their plans.</li> <li>If applicable, we will consider the requirement for any letters of support for individual entities within the group.</li> </ul>

## Audit risk summary (continued)

Risk	Description	Response
<b>Provisions and investment balances</b>	<p>Material components of the financial statements include the loans as part of other finance receivables and any associated provisions.</p> <p>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.</p>	<p>We will;</p> <ul style="list-style-type: none"> <li>• Review a sample of new loans in the year and agree to supporting documentation</li> <li>• We will review impairments and minutes of Investment committee meetings to consider justifications for individual cases and managements basis.</li> <li>• We will review a sample of interest rate calculations for reasonableness.</li> <li>• We will review the disclosure around these balances within the financial statements including the aging of the loans as well as the accounting policy.</li> </ul>

**RSM UK Audit LLP**

25 Farringdon Street  
London  
EC4A 4AB  
United Kingdom  
T +44 (0)20 3201 8000  
[rsmuk.com](https://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.