

Company number: 07242976

Charity number: 1136151

# Social Business Trust

Report and Financial Statements

For the year ended 31 May 2021

## Social Business Trust

### Reference and administrative details

For the year ended 31 May 2021

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|                                 |   |                            |
|---------------------------------|---|----------------------------|
| <b>Company number</b>           | 07242976 – incorporated in the United Kingdom   |                            |
| <b>Charity number</b>           | 1136151 – registered in England and Wales   |                            |
| <b>Registered office</b>        | Invicta House<br>108–114 Golden Lane<br>London EC1Y 0TL   |                            |
| <b>Operational address</b>      | Room S9/10, 2 <sup>nd</sup> Floor, West Wing<br>Somerset House<br>London WC2R 1LA   |                            |
| <b>Trustees</b>                 | Trustees, who are also directors under company law, who served during the year and up to the date of this report were as follows: |                            |
|                                 | Larissa Joy   | Chair                      |
|                                 | Paul Armstrong  | Secretary                  |
|                                 | Michael Crossan   |                            |
|                                 | Tim Curry   | Resigned 9 September 2020  |
|                                 | Guy Davies  |                            |
|                                 | Jan Coos Geesink  |                            |
|                                 | James Hadley  |                            |
|                                 | Madeleine Hale  | Appointed 9 September 2020 |
|                                 | Simon Milton  |                            |
|                                 | Harry Nicholson   | Appointed 9 September 2020 |
| <b>Key management personnel</b> | Adele Blakebrough   | Chief Executive            |
|                                 | Joanne Hay  |                            |
|                                 | Rachel Goddard  |                            |
|                                 | Alex McAleavy   |                            |
|                                 | Jennifer Coles  |                            |
|                                 | Viki Taylor   |                            |
| <b>Bankers</b>                  | Royal Bank of Scotland  |                            |
| <b>Solicitors</b>               | Russell Cooke Solicitors<br>2 Putney Hill,<br>London, SW15 6AB  |                            |

## Social Business Trust

### Reference and administrative details

For the year ended 31 May 2021

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|----------------|---|
| <b>Auditor</b> | Sayer Vincent LLP<br>Chartered Accountants and Statutory Auditor<br>Invicta House<br>108-114 Golden Lane<br>London EC1Y 0TL |
|----------------|---|

## CHAIR'S REPORT

The Covid-19 pandemic has shone a spotlight on the role of the social sector in maintaining a stronger, fairer civil society. The past 12 months have been challenging and at times have brought great hardship – but challenging times call for ingenuity, creativity and resilience. At SBT, we are proud of the way our portfolio organisations have adapted to the uncertain external environment. We have always been committed to 'being in for the long haul' with our portfolio organisations and at SBT we feel privileged to stand shoulder to shoulder with the leaders of our portfolio organisations and their teams as they navigate seemingly impossible challenges and emerge stronger.

This year has seen significant investments of time, resources and cash in organisations such as Challenge Partners, Hertfordshire Independent Living Service, London Early Years Foundation, Moneyline, The Brilliant Club and Twining Enterprise. In our continued quest to further build the number of organisations and beneficiaries SBT can support, we were also delighted to welcome Career Ready and Catch-22 as new entrants into the portfolio this year. SBT's Investment Committee met more regularly than usual this year, not only to support the existing portfolio, but also to assess a greater than usual number of new potential social enterprises and charities and to hear directly from the beneficiaries of the organisations SBT supports about their experiences during Covid-19. During 2020/2021 we have continued to strengthen our own financial resilience and future sustainability. SBT was fortunate to benefit from the support of Bain & Company in developing our 2020-2024 strategy. This, alongside our core mission, remains our guiding focus and we look forward to reviewing progress against it at the mid-way point during the coming year. Consistent with that strategy, we have sought, carefully and selectively, to expand and further strengthen our group of valued and trusted business partners.

SBT was therefore delighted to welcome Schroders plc into the SBT fold as a valued corporate partner in early 2021. I would like to pay tribute in particular to Schroders CEO Peter Harrison and Chief of Staff Louise Hosking for their leadership in advancing the dialogue with SBT and making relevant links across their organisation to set the foundation stones for this new relationship. We are greatly looking forward to developing our relationship with them in 2021/22 and subsequent years.

The strength of SBT's model owes much to our business partners – a collective that in this financial year provided an estimated £3million worth of the highest quality professional skills to our social enterprises and charities. But in equal measure, SBT brings together a group of individuals who enjoy collaborating to support SBT's vision. I want to thank our partners Bain & Company, Charles Russell Speechlys, Clifford Chance, EY, Permira, Permira Credit, Refinitiv, Schroders and Thomson Reuters – and the senior representatives from each organisation who make up the SBT Investment Committee – for everything that they do for us and the SBT portfolio. Maintaining and strengthening our pool of high-quality business partners remains a key strategic priority.

SBT is very fortunate to have a board of trustees who show real commitment and dedication to SBT. As a highly experienced group of individuals with a wide range of skills, they are part of what makes SBT such a special organisation and I want to thank them for all their sustained support for SBT.

**Report of the trustees – Chair’s Report**

**For the year ended 31 May 2021**

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This year, in addition to the arrival of new Trustee Harry Nicholson, we have been pleased to welcome Madeleine Hale to the Board. Both were recruited through open recruitment processes. As with many organisations, we are reviewing SBT’s commitment to diversity and inclusion in all its facets and look forward to developing this further in 2021/22. Madeleine brings expertise in communications, digital and understanding and developing stakeholder relationships, as well as experience of working in social housing and central Government. Harry Nicholson brings a wealth of executive and non-executive experience in fast-growth business sectors and technology-led change and SBT is delighted that Harry has accepted the role of Trustee Treasurer.

Paul Armstrong has been involved with SBT ever since SBT began over 11 years ago, and in addition to his roles as Investment Committee member, Trustee and Vice Chair, Paul also led the charge this year in re-forming our SBT Rainbow Rapid Response team. I would like to personally thank Paul for his wise counsel, sage advice and for his unstinting service to SBT and for his personal support in this most challenging year.

SBT’s co-founder and CEO, Adele Blakebrough MBE continues to lead the talented staff in the SBT team with unwavering commitment to the social enterprises in the portfolio. I would like to thank Adele for her leadership of SBT. Adele and the Board are pleased to have appointed SBT’s Portfolio Director, Joanne Hay, as Deputy CEO this year and Joanne is working closely with Adele to support and guide the SBT staff team in line with our 2020–2024 strategy. In particular, Joanne is leading some very exciting work in building SBT’s digital internal and advisory capabilities to ensure that SBT can support the portfolio organisations in their ongoing and dynamic work to develop digital technologies to enhance their impact on their beneficiaries.

There has never been a better opportunity for the social sector and business to join arms to tackle some of society’s most intractable problems. Working with its partners and vibrant portfolio of social enterprises, SBT is committed to continue to play an active role in addressing this challenge.

**Larissa Joy – Chair**

## CEO'S REPORT

It is hard to believe that the 2021 Annual Report still leads with us grappling against the devastating effects of the Covid-19 pandemic despite the vast roll out of the vaccine programme. The work of the Social Business Trust, our partners and volunteers has never been more needed or appreciated. As happened at the start of the pandemic in 2020 the unwavering commitment of our Chair, trustees, business partners, volunteers and SBT staff to help our charities and social enterprises to serve those most in need has not only continued but strengthened. I'd like to thank everyone for all their efforts during this time especially our chair Larissa Joy who is a constant source of inspiration and shows the highest levels of commitment and dedication in her support of SBT.

I would also like to pay tribute to our social enterprises and charities that have not only survived during this period but have found new and innovative ways of supporting some of the most vulnerable people in the UK that they seek to serve.

If it is true that "necessity is the mother of invention" then our charitable organisations have embraced the challenges with energy, determination and creativity. It has been inspiring to witness how they have adapted to the virtual world. In particular their use of technology to overcome barriers created by the lack of face-to-face contact has been impressive. Much of what has been learnt this year will become the bedrock of how they work in the future. This year our business partners have made an especial and invaluable contribution to helping our social enterprises adapt to this use of technology. The technology support was kicked off with a session on "Digital Transformation and Business Modelling in a crisis" and grew into the ongoing Digital Advisory Board made up of senior experts from all our business partners to support and advise our social sector organisations.

Our mission remains true. We continually seek out outstanding social enterprises in the UK who are having a profound impact on societal problems. We support them, enabling them to become more sustainable, grow and serve many more people. One measure we set ourselves at the beginning of SBT in 2010 was to serve a million beneficiaries through the growth of our charities and social enterprises by 2016. Having achieved that milestone in 2016 we set ourselves a new target to help a cumulative three million people by the end of 2021, using the expertise of our top business people to help our great portfolio social enterprises to grow.

Last year we were delighted to report that we had reached 2.7 million people and despite the pandemic that figure now stands at 3.1 million.

The number of volunteers has reached an impressive 262 this year, an increase of 5% on the 250 volunteers in FY20.

## Organisation

Our core team are key to ensuring SBT achieves its goals and ambitions. In line with our five year strategy we have strengthened our portfolio team this year with the addition of Alex McAleavy and Jennifer Coles as fulltime Investment Managers. They are already helping us to increase our social

**Report of the trustees – CEO's Report**

**For the year ended 31 May 2021**

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impact. We have always prided ourselves on an ability to “punch above our weight” and I’d like to thank the team for helping us to continue in this vein especially this year.

Joanne Hay became my Deputy adding to her Portfolio Director role and I’m indebted to her for all her hard work, energy and enthusiasm.

After 4 years of outstanding service Stanislas Faure our Director of Corporate Partnerships and Operations stepped down to face a new challenge in one of our social enterprises. We are grateful for all he has done for SBT.

Viki Taylor continues to lead our communication activities. This year she has done a sterling job bringing to life our impact through stories and news items as well as creating a series of podcasts to celebrate our 10 year anniversary alongside our Decade of Difference report. Work on the website refresh has begun and is due to be completed by the Autumn.

Rachel Goddard, our longest serving team member, continues to provide excellent support as our Operations Manager. As well as all the ongoing SBT activities she has engaged with, she has also helped the team adapt to home working and negotiated our office move from the Charity Hub at Cannon Street, which has closed due to Covid, to Somerset House.

During the year, we have also had the support of two excellent EY secondees, Anthony Chandler and Laura Koepke, who were instrumental in supporting our portfolio through Covid and helping SBT develop.

As in the previous year we’ve been delighted to have been supported by Kekst CNC in the development of our new website. We’re hugely grateful to Kantar Public who provided invaluable advice on our Decade of Difference report and continue to support SBT to implement a new impact measurement framework.

**Business Partners**

As Larissa our Chair has reported the addition of Schrodgers to our corporate partner group has been a particular highlight of FY21. They are already making a big difference mentoring and volunteering their expertise to help our portfolio charities and contributing to our Covid response through SBT Rainbow 2. In June, five SBT charities benefited from an Innovation event as part of Schrodgers’ Collective Action month.

We always work closely with Permira as our cornerstone founding partner, and The Permira Foundation. Permira were instrumental in the creation of Rainbow 1 in 2020 as part of our response to Covid. In January 2021 Rainbow 2 was reinstated to help organisations on our portfolio with Covid recovery.

## SBT Rainbow 2

Between January and April 2021, Rainbow 2 focused on enabling the SBT portfolio to further support the most vulnerable in society, who have been most affected by the Covid-19 pandemic by for example: providing laptops and digital skills training to pupils in alternative education who have struggled to access online resources, creating online learning programmes for children with speech and language difficulties, and procuring PPE and testing kits so our portfolio charities could deliver vital services to those in most need. Overall, 28 volunteers from six of our corporate partners helped to award over £100k of cash grants.

## Digital

Digital technologies are transforming the way that all organisations operate. The Covid-19 pandemic has only accelerated this trend, as organisations have had to move to operating predominantly in a virtual environment. In response SBT set up a Digital Advisory Board to guide how best to support the portfolio. A digital diagnostic carried out by Bain during the year identified several capability gaps and opportunities across the SBT portfolio which has led to several in-kind digital projects. SBT is strengthening its focus on digital support in FY22.

## Investments

“Working with SBT has really allowed us to lean into our mission in the current moment and think longer term. It's easy to mortgage that off when you're in a crisis, but the SBT relationship and our investment manager Sophie's stewardship has helped us to keep a view on the long term as well as responding to those immediate priorities.”

Anne-Marie Canning  
CEO, The Brilliant Club

During the year under review, SBT held five Investment Committee meetings which gave cash and in-kind support to charities and social enterprises to the value of approximately £3 million (2019/20: £2.9 million). Those in our portfolio this year were: Brightside, Challenge Partners, Career Ready, Catch-22, Hertfordshire Independent Living Service, I CAN, London Early Years Foundation, Moneyline, The Brilliant Club, Twining Enterprise and User Voice.

Career Ready joined the portfolio in December 2020. They are a national charity at the heart of a network of educators and employers, who believe every young person deserves the opportunity of a fulfilling and rewarding future. They have 5,000 volunteers annually who deliver a range of careers focused programmes in 400 schools and colleges.

Catch-22 joined the portfolio in January 2021. They are a social education business working with young people at every age of the social welfare cycle. Work programmes covers five main



Report of the trustees – CEO's Report

For the year ended 31 May 2021

areas (Justice, Education, Vocational training and employability, children and families and national citizen service).

Key Performance Indicators

| KPI  | Explanation  | 2020/21 Performance  |
|--|--|--|
| Total cash income (£s)                                     | This measures the financial support that we have received during the year and determines our ability to fund core costs and to make cash grants to social enterprises.   | Total cash income in the year to 31 May 2021 was £762,122. (2019/20: £571,913). Donations from our business partners grew by just over £200,000 due to increased commitments from existing and new business partners. We continue to seek additional sources of cash income as this will enable us to expand our activities.   |
| Expenditure on core costs (£s)                             | This measure determines how much we spend on SBT's core operations. We are looking to optimise rather than minimise this measure, as inadequate investment in core costs is a false economy.   | Total expenditure on core costs in the year to 31 May 2021 was £402,229 (2020: £402,147). The core team was strengthened during the year while core costs were flat overall due to savings in rent and other costs resulting from Covid-related working rules.   |
| Number of investments made                                 | Although SBT's investment criteria are flexible, we would normally expect to restrict our investments to only support social enterprises that want to work with us to achieve 'transformation'. The number of investments made in a period should reflect this. This measure also indicates the effectiveness of our processes for identifying and processing suitable applicants. | In the year to 31 May 2021, SBT's Investment Committee approved proposals to invest in four social enterprises. Two of these were new to the portfolio, and two were existing portfolio companies with exciting growth potential. All other members of the portfolio received expert support from SBT's business partners during the year, to help with specific functional areas, training and mentoring – as did certain members of the SBT Alumni network and social enterprises in the Design stage. |
| In-kind support drawn down from our business partners (£s) | This amount measures both the extent of our ability to engage our business partners and the value of the expertise provided without charge to SBT and to our investees.  | By 31 May 2021, £2,995,214 (2020: £2,878,071) of in-kind support had been drawn down from SBT's business partners. 95% of this amount (£2,835,839) was provided directly to our investees.   |

Report of the trustees – CEO's Report

For the year ended 31 May 2021

| KPI                                      | Explanation  | 2020/21 Performance   |
|--|--|---|
| Number of people helped by our investees | This is a simple proxy measure of the social impact of our investments.                        | During 2020/21, our portfolio of social enterprises directly impacted approximately 380,000 people. The cumulative number of people impacted since the creation of SBT at 31 May 2021 is 3.1 million  |
| Feedback from our key stakeholders       | SBT regards its investors, investees (actual and potential) and staff as its key stakeholders. | We obtain regular feedback from our investors, investees and staff. In most cases, this is extremely positive but we also welcome constructive criticism as this enables us to improve our processes. During the year, staff from our business partners attended a number of Investment Committee meetings and provided insights into how their volunteering had impacted their professional development. |

## Financial overview

Total cash incoming resources for the year were £762,122 (2020: £571,913). After core costs of £402,229 (2020: 402,147) and cash payments to investee social enterprises of £199,400 (2020: £151,237), the net inflow of funds was £160,493 (2020: £18,529).

The timing of certain cashflows after year end led to an increase in working capital of £94,697 (2020: £31,201), and an increase in year-end cash balances of £66,845. Cash balances at 31 May 2021 were £567,457. These, together with future cash donations from our business partners, will enable us to meet our cash commitments to existing investees (valued at £152,390 at 31 May 2021) and make additional investments during 2021/22. In addition to their cash donations, business advice with an estimated market value of £2,995,214 (2020: £2,878,081) was drawn down from our business partners and provided to SBT and its investees.

An analysis of our total 2020/21 core and in-kind expenditure of £3,596,843 shows that approximately 92% of our resources (£3,317,191) was focused on our investees. The balance went on raising funds (£173,789) and on governance (£105,863) – with the latter being broadly defined to include strategic management of the charity, risk management, compliance with regulations and public reporting.

## Reserves policy

Our reserves policy is risk based and reflects the trustees' belief that, after taking account of existing cash commitments to portfolio companies, the charity should maintain a minimum level of unrestricted funds equivalent to approximately three months' core costs as this would enable SBT to manage an unexpected disaster that would threaten our ability to continue as a going concern. At activity levels forecast for 2021/22, this implies the need to maintain a minimum level of funds of approximately £125,000 at 31 May 2021.

## **Social Business Trust**

### **Report of the trustees – CEO's Report**

#### **For the year ended 31 May 2021**

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After deducting known cash commitments to portfolio companies, total unrestricted funds at 31 May 2020 were approximately £415,000. The excess over the minimum targeted level is regarded by the trustees as acceptable.

**Adele Blakebrough MBE – Chief Executive**

### Report of the trustees

#### For the year ended 31 May 2021

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The trustees present their report and the audited financial statements for the year ended 31 May 2021.

For clarity and in recognition of their important roles in the governance and management of the charity, the Chair and Chief Executive have presented separate reports. These reports (for which the trustees take full responsibility) should be read as part of this report.

The reference and administrative information set out on page 1 also forms part of this report. The financial statements comply with current statutory requirements, the memorandum and articles of association and the Statement of Recommended Practice – Accounting and Reporting by Charities: SORP applicable to charities preparing their accounts in accordance with FRS 102.

### Structure and objects

The organisation is a charitable company limited by guarantee, incorporated as Scale-Up on 5 May 2010 and registered as a charity on 2 June 2010. The company's name was changed to Social Business Trust on 11 November 2010.

The company was established under a memorandum of association, which established the objects and powers of the charitable company and is governed under its articles of association.

The objects of the charity, as stated in its governing documents, are to pursue any exclusively charitable objects as the trustees in their absolute discretion think fit by any means including but not limited to providing grants or other forms of financial assistance, materials or assistance in kind. The management and governance structures in place are designed to enable this to happen.

### Aims, objectives and activities

Social Business Trust ("SBT") is a partnership of leading businesses that share a common goal – to use our combined resources and experience to ensure the sustainability and help accelerate the growth of ambitious social enterprises, increasing social impact and making sustainable, positive change.

Together, SBT's business partners invest in UK social enterprises and charities with a clear social mission, a robust business model and good leadership. Our investment consists of a combination of cash grants and expert resources provided free of charge. Initially, investees are invited to join our SBT Design Programme during which we add value by working through a structured due diligence programme designed to ensure that the fundamentals for growth are in place. Subsequently, if appropriate, we contribute to projects that the investee management team "owns" and which they regard as critical to their ability to scale-up the impact of their organisation and/or to enhance their sustainability.

### Report of the trustees

For the year ended 31 May 2021

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In all cases, we work collaboratively with management but, in accordance with best business practice, we always insist on accountability, transparency and a focus on results. Consequently, our support is usually provided in instalments, with each instalment being conditional on the achievement of certain milestones. We monitor the social impact of our investees and attempt to estimate the social return on our investment in terms of the key performance indicators that our investees consider meaningful.

### Trustees

Trustees with appropriate functional and business skills have been appointed from SBT's business partners and elsewhere. They meet as a Board at least four times a year. Trustees automatically become members of the charity. With the exception of the Chair, all trustees serve for a three-year term, after which they are eligible for re-appointment on the recommendation of the Board on such terms and for such duration as the Board may determine.

As part of their induction, the Chair and Chief Executive each hold one-to-one meetings with new trustees to ensure that they are fully versed in SBT's objectives and procedures. Updates on developments in the social sector are provided at each trustees' meeting and additional training is available to trustees on request. The names of the trustees who held office during the year are set out on page 1.

### Related party transactions and conflicts of interest

Trustees are required to disclose to the Board any direct or indirect interest in a proposed or existing transaction and any other circumstances that might give rise to a conflict or potential conflict. When any such actual or potential conflicts are identified, the trustee in question plays no part in the decision on whether or not to enter into the transaction.

Transactions in which a trustee has or may have a direct or indirect interest are referred to as related party transactions. Related party transactions involving trustees are fully disclosed in the financial statements (see Note 13).

### Public benefit

The trustees have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the charity's aims and objectives and in planning its future activities. In particular, the trustees consider how planned activities will contribute to the aims and objectives that have been set. To ensure that SBT is acting in accordance with its objects, investments are restricted to registered charities or to other not-for-profit entities where, in the opinion of the trustees, any private benefit is incidental and insignificant.

### Investment Committee

The trustees have set up an Investment Committee to act as an advisory sub-committee of the Board. The Investment Committee includes one senior representative of each of SBT's business partners. Its purpose is to consider detailed investment recommendations put forward by SBT's core

### Report of the trustees

**For the year ended 31 May 2021**

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team and, if appropriate, recommend them to the Board for approval. Meetings of the Investment Committee take place at least four times a year, usually on the same day as Board meetings.

The current members of the Investment Committee are:

Larissa Joy (Chair)

Gemma Cotton (Bain & Company)

Keir Gordon (Charles Russell Speechlys)

Michael Crossan (Clifford Chance)

Andrew Walton (EY)

Paul Armstrong (Permira)

David Hirschmann (Permira Credit)

Luke Manning (Refinitiv)

Lucinda Case (Thomson Reuters)

Peter Harrison (Schroders)

### Fundraising

The charity is committed to observing all relevant fundraising regulations and codes. During the year, there was no non-compliance of these regulations and codes and the charity received no complaints relating to its fundraising practices.

### Volunteers

SBT's trustees, Investment Committee members and core team are extremely grateful to the many people from SBT's business partners and other organisations who have given us and our investees the benefit of their experience and expertise during the year. SBT's accounting policies for valuing the contributions of these volunteers is set out in Note 1 to the financial statements.

### Risk management

Risk exists when there is uncertainty surrounding events and their outcomes that may have a significant impact on SBT's ability to:

- Achieve its aims
- Satisfy the expectations of its stakeholders
- Operate efficiently

Risk management is the responsibility of the Board and, in recognition of this, a schedule summarising principal risks together with mitigating factors and appropriate risk management procedures is formally reviewed by the Board at regular intervals.

In the Board's opinion, SBT's two most significant risks can be summarised as:

- The inability to attract or retain enough key business partners to continue to provide SBT and its investees with the level of support required to achieve SBT's aims
- The unavailability or loss of key SBT team members

### Report of the trustees

For the year ended 31 May 2021

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To a significant extent, these risks are outside the control of the Board but mitigation strategies include a relentless focus on stakeholder satisfaction, increased investment in fundraising and appropriate succession planning.

### Going concern

The trustees consider that, having regard to the level of reserves and to the continuing support of SBT's business partners, there are no material uncertainties about the charitable company's ability to continue as a going concern.

### Remuneration policy for key management personnel

The trustees of SBT recognise that the charity will not achieve its ambitious goals unless we are able to attract and retain a core team of key management personnel who have the experience, enthusiasm and ability to provide support and guidance to both its investee companies and to high calibre personnel from its business partners. Consequently, the ability to offer a compelling value proposition to all staff is regarded as a critical success factor.

In common with other small, entrepreneurial companies in the charitable sector, SBT's value proposition to staff includes flexible working, supportive teamwork and significant job satisfaction from the social impact that we are helping to generate. However, remuneration is also important and, for this element of the overall reward package, our policy is to set pay and benefits at levels that are competitive for the sector and which recognise an individual's abilities, responsibilities and experience. In all cases, in the opinion of the trustees, this results in remuneration that is lower than the people concerned would be able to earn in the commercial sector.

The remuneration of key management personnel is summarised in Note 6 of the financial statements. On a full time equivalent basis, SBT's highest paid employee is the Chief Executive and, in the year to 31 May 2021, her salary was approximately 1.6 times the average full time equivalent salary paid to other employees.

### Financial review

The Chief Executive's report, which is set out on pages 4 to 8, includes a commentary on SBT's performance in the year to 31 May 2021 and a financial overview.

### Plans for the future

In the year ahead, we will work closely with our business partners and social enterprises to build on our successes to date, and to respond to the challenges arising out of the Covid-19 pandemic. Our priorities for 2021/22 include the following:

- Continue to support the social enterprises in our portfolio so that they are sustainable and can grow
- Bring a number of outstanding social enterprises into our portfolio
- Strengthen our collective of high quality business partners

## Report of the trustees

For the year ended 31 May 2021

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- Respond to the needs of our business partners by providing a growing number of high-quality volunteering opportunities
- Continue to strengthen the digital capabilities we can provide our portfolio
- Re-start selective, high impact fundraising opportunities, and other ways to build our income
- Build the skills of the core team
- Develop our impact measurement

### Statement of responsibilities of the trustees

The trustees (who are also directors of Social Business Trust for the purposes of company law) are responsible for preparing the trustees' 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, which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to:

- Select suitable accounting policies and then apply them consistently
- Observe the methods and principles in the Charities SORP
- Make judgments and estimates that are reasonable and prudent
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation

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

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 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.



## **Social Business Trust**

### **Report of the trustees**

#### **For the year ended 31 May 2021**

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Members of the charity guarantee to contribute an amount not exceeding £1 to the assets of the charity in the event of winding up. The total number of such guarantors at 31 May 2021 was 9 (2020: 8). The trustees are members of the charity but this entitles them only to voting rights. The trustees have no beneficial interest in the charity.

### **Auditor**

Sayer Vincent LLP was re-appointed as the company's auditor during the period and has expressed its willingness to continue in that capacity.

The trustees' annual report which includes the Chair's and Chief Executive's report was approved by the trustees on 7 September 2021 and signed on their behalf by:

**Harry Nicholson**  
**Trustee**

## Independent auditor's report

To the members of

Social Business Trust

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### Opinion

We have audited the financial statements of Social Business Trust (the 'charitable company') for the year ended 31 May 2021 which comprise the statement of financial activities, balance sheet, statement of cash flows 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 charitable company's affairs as at 31 May 2021 and of its 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
- 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 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 Trust'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.

## Independent auditor's report

To the members of

**Social Business Trust**

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### Other Information

The other information comprises the information included in the trustees' 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' annual report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The trustees' annual 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 charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' annual report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- Adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- The financial statements are not in agreement with the accounting records and returns; or
- Certain disclosures of trustees' remuneration specified by law are not made; or
- We have not received all the information and explanations we require for our audit; or
- The directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the trustees' annual report and from the requirement to prepare a strategic report.

### Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities set out in the trustees' annual report, 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

## **Independent auditor's report**

### **To the members of**

#### **Social Business Trust**

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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 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 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud are set out below.

### **Capability of the audit in detecting irregularities**

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We enquired of management and the board of trustees, which included obtaining and reviewing supporting documentation, concerning the charity's policies and procedures relating to:
  - Identifying, evaluating, and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - Detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected, or alleged fraud;
  - The internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- We inspected the minutes of meetings of those charged with governance.
- We obtained an understanding of the legal and regulatory framework that the charity operates in, focusing on those laws and regulations that had a material effect on the financial statements or that had a fundamental effect on the operations of the charity from our professional and sector experience.
- We communicated applicable laws and regulations throughout the audit team and remained alert to any indications of non-compliance throughout the audit.

## Independent auditor's report

### To the members of

#### Social Business Trust

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- We reviewed any reports made to regulators.
- We reviewed the financial statement disclosures and tested these to supporting documentation to assess compliance with applicable laws and regulations.
- We performed analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments, assessed whether the judgements made in making accounting estimates are indicative of a potential bias and tested significant transactions that are unusual or those outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](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.

Judith Miller (Senior statutory auditor)

22 September 2021

for and on behalf of Sayer Vincent LLP, Statutory Auditor

Invicta House, 108-114 Golden Lane, LONDON, EC1Y 0TL

# Social Business Trust

## Statement of Financial Activities *(incorporating an Income and Expenditure Account)*

**For the year ended 31 May 2021**

|  | Note | Unrestricted<br>£ | Restricted<br>£ | 2021<br>Total<br>£ | Unrestricted<br>£ | Restricted<br>£ | 2020<br>Total<br>£ |
|--|------|-------------------|-----------------|--------------------|-------------------|-----------------|--------------------|
| <b>Income from:</b>  |      |                   |                 |                    |                   |                 |                    |
| Donations  | 2a   | 3,757,222         | –               | <b>3,757,222</b>   | 3,435,477         | –               | 3,435,477          |
| Fundraising activities   | 2b   | –                 | –               | –                  | 13,300            | –               | 13,300             |
| Bank interest and sundry income  |      | 114               | –               | <b>114</b>         | 1,207             | –               | 1,207              |
| <b>Total income</b>  |      | <b>3,757,336</b>  | <b>–</b>        | <b>3,757,336</b>   | <b>3,449,984</b>  | <b>–</b>        | <b>3,449,984</b>   |
| <b>Expenditure on:</b>   |      |                   |                 |                    |                   |                 |                    |
| Raising funds  |      | 179,059           | –               | <b>179,059</b>     | 131,152           | –               | 131,152            |
| Charitable activities  |      |                   |                 |                    |                   |                 |                    |
| Investment in projects   |      | 3,417,784         | –               | <b>3,417,784</b>   | 3,245,778         | 54,525          | 3,300,303          |
| <b>Total expenditure</b>   | 3    | <b>3,596,843</b>  | <b>–</b>        | <b>3,596,843</b>   | <b>3,376,930</b>  | <b>54,525</b>   | <b>3,431,455</b>   |
| <b>Net income/(expenditure) for the year and net movement in funds</b> | 5    | <b>160,493</b>    | <b>–</b>        | <b>160,493</b>     | <b>73,054</b>     | <b>(54,525)</b> | <b>18,529</b>      |
| <b>Reconciliation of funds</b>   |      |                   |                 |                    |                   |                 |                    |
| Total funds brought forward  |      | 529,388           | 4,005           | <b>533,393</b>     | 456,334           | 58,530          | 514,864            |
| <b>Total funds carried forward</b>                                     |      | <b>689,881</b>    | <b>4,005</b>    | <b>693,886</b>     | <b>529,388</b>    | <b>4,005</b>    | <b>533,393</b>     |

Movements in restricted funds are detailed in note 11

All of the above results are derived from continuing activities. There were no other recognised gains or losses in either year other than those stated above.

## Social Business Trust

### Balance sheet

Company no. 07242976

**31 May 2021**

|  | Note | 2021<br>£      | 2020<br>£      |
|--|------|----------------|----------------|
| <b>Fixed assets</b>                    |      |                |                |
| Tangible fixed assets                  | 8    | 4,316          | 5,365          |
| <b>Current assets</b>                  |      |                |                |
| Debtors                                | 9    | 137,379        | 42,233         |
| Cash at bank and in hand               |      | 567,457        | 500,612        |
|  |      | <u>704,836</u> | <u>542,845</u> |
| <b>Liabilities</b>                     |      |                |                |
| Creditors: amounts due within one year | 10   | (15,266)       | (14,817)       |
| <b>Net current assets</b>              |      | <u>689,570</u> | <u>528,028</u> |
| <b>Net assets</b>                      |      | <u>693,886</u> | <u>533,393</u> |
| <b>The funds of the charity</b>        |      |                |                |
| Unrestricted general funds             |      | 689,881        | 529,388        |
| Restricted funds                       | 11   | 4,005          | 4,005          |
| <b>Total charity funds</b>             |      | <u>693,886</u> | <u>533,393</u> |

Approved by the trustees on 7 September 2021 and signed on their behalf by:

Harry Nicholson  
Trustee

## Social Business Trust

### Statement of Cash Flows

**For the year ended 31 May 2021**

|  | <b>2021<br/>Total<br/>£</b> | <b>2020<br/>Total<br/>£</b> |
|--|-----------------------------|-----------------------------|
| <b>Net income for the year</b>                             | <b>160,493</b>              | <b>18,529</b>               |
| Depreciation   | 2,483                       | 2,827                       |
| (Increase) in debtors                                      | (95,146)                    | (23,592)                    |
| Increase/(decrease) in creditors                           | 449                         | (7,609)                     |
| <b>Net cash provided by/(used in) operating activities</b> | <b>68,279</b>               | <b>(9,845)</b>              |
| <b>Cash flows from investing activities:</b>               |                             |                             |
| Purchase of fixed assets                                   | (1,434)                     | (6,332)                     |
| <b>Net cash (used in) investing activities</b>             | <b>(1,434)</b>              | <b>(6,332)</b>              |
| <b>Change in cash and cash equivalents in the year</b>     | <b>66,845</b>               | <b>(16,177)</b>             |
| Cash at the beginning of the year                          | 500,612                     | 516,789                     |
| <b>Cash at the end of the year</b>                         | <b>567,457</b>              | <b>500,612</b>              |



**1 Accounting policies**

**a) Statutory information**

Social Business Trust ("SBT") is a charitable company limited by guarantee and incorporated in the United Kingdom.

The registered office address is Social Business Trust, 10 Queen Street Place, London, EC4R 1BE.

**b) Basis of preparation**

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) – (Charities SORP FRS 102), The Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy or note.

In applying the financial reporting framework, the trustees have made a number of subjective judgements, for example in respect of significant accounting estimates. 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 nature of the estimation means the actual outcomes could differ from those estimates. Any significant estimates and judgements affecting these financial statements are detailed within the relevant accounting policy below.

**c) Public benefit entity**

The charitable company meets the definition of a public benefit entity under FRS 102.

**d) Going concern**

The trustees consider that, having regard to the level of reserves and to the continuing support of SBT's business partners, there are no material uncertainties about the charitable company's ability to continue as a going concern. Further details can be found in the trustees' annual report.

The trustees do not consider that there are any sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period. Similarly, the trustees do not believe that they have made any key judgements which have had a significant effect on the accounts.

**e) Income**

Donations consist of cash donations and services provided "in-kind" (ie without charge) to SBT or its investees by SBT's business partners. Cash donations are included in full in the statement of financial activities when receivable and, when appropriate, include Gift Aid receivable from HMRC. In-kind donations are recognised as income when the services in question are provided and are valued by the trustees of SBT at a prudent estimate of the market value of those services.

**1 Accounting policies (continued)**

**f) Expenditure and irrecoverable VAT**

Expenditure is recognised in the period in which it is incurred and includes attributable VAT as this cannot be recovered.

SBT has the following three core processes:

**1. Raising funds**

Associated activities include profile raising, identifying potential business partners and/or individual donors, enlisting support from and managing relationships with those partners/donors and organising fundraising events.

**2. Investment in projects**

Associated activities include market research, screening applicants, detailed due diligence, project definition, project delivery and monitoring progress.

**3. Governance**

Associated activities include strategic management of the charity, risk management, internal control, administration, compliance with regulations and public reporting.

**g) Allocation of support costs**

Cash grants and the value of in-kind services provided by SBT's core team and its business partners to other organisations are allocated directly to investment in projects. All other costs are initially allocated to support costs and then re-allocated to SBT's three core processes – either directly or on the basis of the most appropriate cost driver. In the case of staff costs, the cost driver is the amount of time spent by an individual team member on a particular process. For all other indirect costs, re-allocation is based on the following percentages which themselves are derived from the trustees' estimate of the percentage of total time spent by the core team on each of the three core processes:

|                        |     |
|------------------------|-----|
| Raising funds          | 26% |
| Investment in projects | 56% |
| Governance             | 18% |

Governance costs are then reallocated to the other two processes in proportion to their total direct and indirect costs.

**h) Grants payable**

Cash grants payable to other organisations are charged to the statement of financial activities when conditions have been met for payment. Where grants are payable by instalments, each instalment is conditional on the organisation in question meeting SBT's requirements. Expenditure is only recognised when these conditions are met. Where conditions have not yet been met, outstanding payments are shown as future commitments.

**1 Accounting policies (continued)**

**i) Donations of gifts, services and facilities**

Services provided without charge by SBT's business partners to SBT or to other organisations are recognised as resources expended (and as voluntary income) when the services are provided and are valued by the trustees of SBT at a prudent estimate of the market value of those services. Additional services that SBT has agreed to provide to other organisations but which have not yet been provided are valued on the same basis and shown as future commitments.

Services provided without charge to SBT by trustees, Investment Committee members, other individual volunteers and external organisations (other than SBT's business partners) are not recognised as resources expended (or as voluntary income) but are acknowledged in the trustees' report.

**j) Tangible fixed assets**

Depreciation is provided at a rate calculated to write down the cost of each asset to its estimated residual value over its expected useful life. The depreciation rates currently in use are as follows:

|                  |         |
|------------------|---------|
| Office equipment | 3 years |
|------------------|---------|

Items of equipment are capitalised when the purchase price exceeds £250. Assets are reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value and value in use.

**k) Operating leases**

Rentals payable under operating leases, where substantially all the risks and rewards of ownership remain with the lessor, are charged to the Statement of Financial Activities on a straight line basis over the term of the lease.

**l) Financial instruments**

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

**m) Pensions**

Contributions payable by SBT to the company's defined contribution pension scheme are recognised in the period to which they relate.

**n) Fund accounting**

Unrestricted funds are derived from donations and other incoming resources received or generated for general charitable purposes. Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure incurred in connection with these purposes is charged to the relevant fund together, when appropriate, with a fair allocation of management and support costs.

**o) Debtors**

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

**p) Cash at bank and in hand**

Cash at bank and in hand includes cash and highly liquid investments with a maturity of three months or less from the date of opening of the deposit or similar account.

**1 Accounting policies (continued)****q) Creditors and provisions**

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

**2a Donations**

|  | <b>2021</b>             | <b>2020</b>             |
|--|-------------------------|-------------------------|
|  | <b>Total</b>            | <b>Total</b>            |
|  | <b>£</b>                | <b>£</b>                |
| Cash donations from business partners                  | <b>762,000</b>          | 557,000                 |
| In-kind services provided by business partners         | <b>2,995,214</b>        | 2,878,071               |
| Cash donations from individuals and corporate entities | <b>8</b>                | 406                     |
| Total  | <b><u>3,757,222</u></b> | <b><u>3,435,477</u></b> |

All donations were unrestricted in both years.

**2b Fundraising activities**

|                    | <b>Unrestricted</b> | <b>Restricted</b> | <b>2021</b>       | <b>2020</b>   |
|--------------------|---------------------|-------------------|-------------------|---------------|
|                    | <b>£</b>            | <b>£</b>          | <b>Total</b>      | <b>Total</b>  |
|                    |                     |                   | <b>£</b>          | <b>£</b>      |
| Fundraising events | <u>–</u>            | <u>–</u>          | <b><u>NIL</u></b> | <u>13,300</u> |

Given the COVID restrictions in place during the year, the charity held no fund raising activities.

# Social Business Trust

## Notes to the financial statements

For the year ended 31 May 2021

### 3a Total expenditure (current year)

|   | Costs of<br>raising funds<br>£ | Investment in<br>projects<br>£ | Governance<br>Costs<br>£ | Support<br>Costs<br>£ | 2021<br>Total<br>£ | 2020<br>Total<br>£ |
|---|--------------------------------|--------------------------------|--------------------------|-----------------------|--------------------|--------------------|
| Cash paid to support social enterprises | -                              | 199,400                        | -                        | -                     | 199,400            | 151,237            |
| In-kind services provided               | -                              | 2,835,839                      | -                        | 159,375               | 2,995,214          | 2,878,071          |
|   | -                              | 3,035,239                      | -                        | 159,375               | 3,194,614          | 3,029,308          |
| Staff and recruitment costs (Note 6)    | -                              | -                              | -                        | 333,090               | 333,090            | 313,730            |
| Property costs                          | -                              | -                              | -                        | 27,495                | 27,495             | 41,645             |
| Marketing and fundraising costs         | -                              | -                              | -                        | 3,981                 | 3,981              | 6,735              |
| Training                                | -                              | -                              | -                        | 446                   | 446                | 1,440              |
| Subscriptions                           | -                              | -                              | -                        | 2,057                 | 2,057              | 1,766              |
| Travel, subsistence and entertainment   | -                              | -                              | -                        | 973                   | 973                | 6,537              |
| Phone costs                             | -                              | -                              | -                        | 3,180                 | 3,180              | 3,197              |
| Depreciation                            | -                              | -                              | -                        | 2,483                 | 2,483              | 2,827              |
| Other office costs                      | -                              | -                              | -                        | 14,396                | 14,396             | 11,040             |
| Insurance                               | -                              | -                              | -                        | 5,308                 | 5,308              | 4,590              |
| Professional fees                       | -                              | -                              | -                        | 8,820                 | 8,820              | 8,640              |
|   | -                              | 3,035,239                      | -                        | 561,604               | 3,596,843          | 3,431,455          |
| Support Costs                           | 173,789                        | 281,952                        | 105,863                  | (561,604)             | -                  | -                  |
| Governance costs                        | 5,270                          | 100,593                        | (105,863)                | -                     | -                  | -                  |
| <b>Total expenditure 2021</b>           | <b>179,059</b>                 | <b>3,417,784</b>               | <b>-</b>                 | <b>-</b>              | <b>3,596,843</b>   |                    |
| Total expenditure 2020                  | 131,152                        | 3,300,303                      | -                        | -                     |                    | 3,431,455          |

Governance costs include in-kind services provided by business partners, relevant staff costs, fees payable to the charity's auditors and an appropriate share of overheads.

# Social Business Trust

## Notes to the financial statements

For the year ended 31 May 2021

### 3b Total expenditure (prior year)

|   | Costs of<br>raising funds<br>£ | Investment in<br>projects<br>£ | Governance<br>Costs<br>£ | Support Costs<br>£ | 2020<br>Total<br>£ |
|---|--------------------------------|--------------------------------|--------------------------|--------------------|--------------------|
| Cash paid to support social enterprises | –                              | 151,237                        | –                        | –                  | 151,237            |
| In-kind services provided               | –                              | 2,775,407                      | –                        | 102,664            | 2,878,071          |
|   | –                              | 2,926,644                      | –                        | 102,664            | 3,029,308          |
| Staff and recruitment costs (Note 6)    | –                              | –                              | –                        | 313,730            | 313,730            |
| Property costs                          | –                              | –                              | –                        | 41,645             | 41,645             |
| Marketing and fundraising costs         | –                              | –                              | –                        | 6,735              | 6,735              |
| Training                                | –                              | –                              | –                        | 1,440              | 1,440              |
| Subscriptions                           | –                              | –                              | –                        | 1,766              | 1,766              |
| Travel, subsistence and entertainment   | –                              | –                              | –                        | 6,537              | 6,537              |
| Phone costs                             | –                              | –                              | –                        | 3,197              | 3,197              |
| Depreciation                            | –                              | –                              | –                        | 2,827              | 2,827              |
| Other office costs                      | –                              | –                              | –                        | 11,040             | 11,040             |
| Insurance                               | –                              | –                              | –                        | 4,590              | 4,590              |
| Professional fees                       | –                              | –                              | –                        | 8,640              | 8,640              |
|   | –                              | 2,926,644                      | –                        | 504,811            | 3,431,455          |
| Support Costs                           | 126,943                        | 267,738                        | 110,130                  | (504,811)          | –                  |
| Governance costs                        | 4,209                          | 105,921                        | (110,130)                | –                  | –                  |
| <b>Total expenditure 2020</b>           | <b>131,152</b>                 | <b>3,300,303</b>               | <b>–</b>                 | <b>–</b>           | <b>3,431,455</b>   |

Notes to the financial statements

For the year ended 31 May 2021

4 Investment in projects

An analysis of cash payments and in-kind services provided during the year is set out below:

|  | 2021<br>£        | 2020<br>£        |
|--|------------------|------------------|
| <b>Portfolio</b>                                 |                  |                  |
| Brightside                                       | 62,703           | 253,245          |
| Challenge Partners                               | 145,387          | 775,069          |
| Career Ready                                     | 248,114          | –                |
| Catch22  | 639,774          | –                |
| Hertfordshire Independent Living Service         | 213,324          | 104,986          |
| I CAN  | 46,221           | 22,569           |
| London Early Years Foundation                    | 204,292          | 81,962           |
| Moneyline  | 95,846           | 3,571            |
| The Brilliant Club                               | 676,113          | 475,374          |
| Twining Enterprise                               | 139,946          | 101,757          |
| User Voice                                       | 52,174           | 67,338           |
| <b>Alumni</b>                                    |                  |                  |
| Bikeworks  | 17,946           | 26,119           |
| Catch Up®  | –                | 11,167           |
| Coram Shakespeare Schools Foundation             | –                | 61,567           |
| Tempo Time Credits                               | 33,843           | 139,079          |
| The Challenge Network                            | –                | 87,348           |
| The Reader Organisation                          | –                | 679              |
| <b>Design</b>                                    |                  |                  |
| BELU   | 24,286           | –                |
| LEAP   | 48,000           | –                |
| Refetorrio Felix                                 | 19,614           | 8,543            |
| RetailTRUST                                      | 6,571            | –                |
| TeachFirst                                       | 17,143           | –                |
| The Brit School for Performing Arts & Technology | –                | 1,000            |
| The Orchard Project                              | 6,643            | 6,957            |
|  | <b>2,697,940</b> | <b>2,228,330</b> |
| Project Rainbow (I and II)                       | 40,655           | 698,314          |
| Digital Initiative                               | 296,644          | –                |
|  | <b>3,035,239</b> | <b>2,926,644</b> |

Project Rainbow was a key part of the charity's response to Covid-19 in Spring 2020. In the current year, support to Social Enterprises related to the effects of the pandemic has moved on from crisis management to recovery and is reported by beneficiary; Rainbow II represents additional cash grants provided in the year related to Covid support.

Given the increasing importance of technology, SBT has created a Digital Advisory Board. In FY21 it commissioned a survey and digital diagnostic across all members of the portfolio, and the development of a digital toolkit – collectively reported as the Digital Initiative.

Notes to the financial statements

For the year ended 31 May 2021

4 Investment in projects (continued)

At 31 May, the estimated value of future commitments to provide cash grants and additional services was as follows:

|                           | 2021<br>£      | 2020<br>£        |
|---------------------------|----------------|------------------|
| Within one year           | 740,000        | 1,085,000        |
| Between one and two years | –              | 405,000          |
| Total                     | <b>740,000</b> | <b>1,490,000</b> |

On 25 June 2021, the trustees authorised additional investments in I CAN and LEYF, and a new investment in The RetailTrust; collectively these comprise cash grants of up to £170,000 and professional support with an estimated market value of approximately £1,240,000.

5 Net movement in funds for the period

|   |           |           |
|---|-----------|-----------|
| This is stated after charging:          | 2021<br>£ | 2020<br>£ |
| Depreciation                            | 2,483     | 2,827     |
| Rent/workstation licence fees           | 27,495    | 41,645    |
| Auditor's remuneration (excluding VAT): |           |           |
| Audit                                   | 7,350     | 7,200     |
| Trustees' remuneration                  | NIL       | NIL       |
| Trustees' expenses                      | NIL       | NIL       |

6 Staff costs and numbers

|                              |                |                |
|------------------------------|----------------|----------------|
| Staff costs were as follows: | 2021<br>£      | 2020<br>£      |
| Salaries and fees payable    | 294,593        | 264,780        |
| Social security costs        | 28,893         | 26,088         |
| Pension contributions        | 9,330          | 7,104          |
| Recruitment costs            | 274            | 15,758         |
|                              | <b>333,090</b> | <b>313,730</b> |

The following number of employees received employee benefits in excess of £60,000 (excluding employer national insurance and employer pension costs) during the year between:

|                   | 2021<br>No. | 2020<br>No. |
|-------------------|-------------|-------------|
| £60,000 – £69,999 | 1           | 1           |
| £80,000 – £89,999 | –           | 1           |
| £90,000 – £99,999 | 1           | –           |

The total employee benefits (including employer national insurance and employer pension contributions) of the key management personnel were £332,816 (2020: £297,072).

At 31 May 2021, SBT's core team consisted of 5.9 (2020: 5.0) full time equivalents, being six (2020: five) employees and one (2020: one) secondee from EY. The average weekly number of employees (full-time equivalents) during the year was 4.2 (2020: 3.6).



## 7 Taxation

The charitable company is exempt from corporation tax as all its income is charitable and is applied for charitable purposes.

## 8 Tangible fixed assets

|                                 | Office<br>equipment<br>£ | Total<br>£ |
|---------------------------------|--------------------------|------------|
| <b>Cost</b>                     |                          |            |
| At start of the year            | 16,406                   | 16,406     |
| Additions in year               | 1,434                    | 1,434      |
| Disposals in year               | –                        | –          |
| At the end of the year          | 17,840                   | 17,840     |
| <b>Depreciation</b>             |                          |            |
| At start of the year            | 11,041                   | 11,041     |
| Charge for the year             | 2,483                    | 2,483      |
| Disposals in year               | –                        | –          |
| At the end of the year          | 13,524                   | 13,524     |
| <b>Net book value</b>           |                          |            |
| At the end of the year          | 4,316                    | 4,316      |
| <b>At the start of the year</b> | 5,365                    | 5,365      |

All of the above assets are used for charitable purposes.

## 9 Debtors

|                | 2021<br>£ | 2020<br>£ |
|----------------|-----------|-----------|
| Prepayments    | 8,721     | 6,847     |
| Other debtors  | 24,248    | –         |
| Rent deposit   | 4,410     | 10,290    |
| Accrued income | 100,000   | 25,096    |
|                | 137,379   | 42,233    |

On 17 June 2021, the accrued income was received in full.

## 10 Creditors: amounts due within one year

|                              | 2021<br>£ | 2020<br>£ |
|------------------------------|-----------|-----------|
| Taxation and social security | 7,655     | 7,906     |
| Other creditors              | 7,611     | 6,911     |
|                              | 15,266    | 14,817    |

Notes to the financial statements

For the year ended 31 May 2021

11a Restricted funds – current year

|                        | At 1 June<br>2020<br>£ | Income<br>£ | Expenditure<br>£ | At 31 May<br>2021<br>£ |
|------------------------|------------------------|-------------|------------------|------------------------|
| HBS Fund               | 4,005                  | –           | –                | 4,005                  |
| Total restricted funds | 4,005                  | –           | –                | 4,005                  |

The HBS Fund was established by the charity's co-founder and former Chair, Sir Damon Buffini. Its purpose is to enable senior executives from SBT's investee companies to attend a course for social entrepreneurs at Harvard Business School. Given the restrictions on travel in place during the year, there was no income or expenditure.

Total restricted funds at the year end (£4,005) were represented by cash. All of the charity's other assets and liabilities at 31 May 2021 represented unrestricted funds.

11b Restricted funds – prior year

|                        | At 1 June<br>2019<br>£ | Income<br>£ | Expenditure<br>£ | At 31 May<br>2020<br>£ |
|------------------------|------------------------|-------------|------------------|------------------------|
| Grants Fund            | 52,722                 | –           | (52,722)         | –                      |
| HBS Fund               | 5,808                  | –           | (1,803)          | 4,005                  |
| Total restricted funds | 58,530                 | –           | (54,525)         | 4,005                  |

During 2019/20, the charity used the proceeds of a fundraising event that created a separate Grants Fund to make cash grants to The Brilliant Club, Tempo Time Credits, Twining Enterprise and User Voice.

12 Property commitments

The charity had an agreement with Bates Wells & Braithwaite London LLP ("the licensor") to licence seven workstations at the licensor's BWB Charity Hub at 10 Queen Street Place, London EC4R 1BE, that was terminated early by the landlord in June 2021; the charity is exploring alternative arrangements.

13 Related party transactions

As shown in Note 4, during the year, cash and in-kind services with values of £nil (2020: £87,348), £95,846 (2020: £3,571) and £nil (2020: £61,567) were provided to The Challenge Network, Moneyline and Coram Shakespeare Schools Foundation ("Coram SSF") respectively. Prior to his resignation in August 2019, Paul Armstrong was a trustee of The Challenge Network, Jan Coos Geesink is a trustee of Moneyline and both James Hadley and Guy Davies are trustees of Coram SSF.

In accordance with SBT's normal procedures, having declared their interests, the trustees concerned took no part in the decisions to make the investments in the investee companies in which they were involved. In all cases, the remaining trustees were satisfied that the associated expenditure was appropriate and in the best interests of SBT.

14 Legal status of the charity

SBT is a company limited by guarantee and has no share capital. The liability of each member in the event of winding up is limited to £1.