

Company number: 07242976

Charity number: 1136151

Social Business Trust

Report and Financial Statements

For the year ended 31 May 2022

Social Business Trust
Reference and administrative details
For the year ended 31 May 2022

Company number	07242976 – incorporated in the United Kingdom	
Charity number	1136151 – registered in England and Wales	
Registered office	Invicta House 108–114 Golden Lane London EC1Y 0TL	
Operational address	Room S9/10, 2 nd Floor, West Wing Somerset House London WC2R 1LA	
Trustees	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 and Vice Chair
	Michael Crossan	
	Guy Davies	
	Jan Coos Geesink	
	James Hadley	
	Madeleine Hale	
	Simon Milton	
	Harry Nicholson	
	Kim Rihal	appointed June 2022
Key management Personnel	Joanne Hay	Chief Executive
	Jennifer Coles	
	Alex McAleavy	
	Greg Medlock	
	Rachel Goddard	
Bankers	Royal Bank of Scotland	
Solicitors	Russell Cooke Solicitors 2 Putney Hill, London, SW15 6AB	
Auditor	Sayer Vincent LLP Chartered Accountants and Statutory Auditor Invicta House 108–114 Golden Lane London EC1Y 0TL	

CHAIR'S REPORT

One of the biggest highlights of this year has been seeing at close hand how the leadership teams of the charities and social enterprises in SBT'S portfolio have seized the opportunities for innovation and reinvention during Covid. The way that these organisations have re-focussed, adapted and reinvented at speed to respond to the needs of their beneficiaries in these times of extraordinary uncertainty and adversity has been inspiring and impressive in equal measure.

Equally, our SBT business partners have risen to this challenge. Collectively, we know that the need to address systemic inequities in our society has become ever greater. The work of our portfolio in supporting their beneficiaries has never been more vital as we emerge from the pandemic and are faced with inflationary pressures and a cost-of-living crisis not seen in a generation.

It has been a record year for SBT in terms of the contributions of our partners to the SBT portfolio, with over £3.2m of in kind support drawn down from our partners for the benefit of the portfolio. We are extraordinarily fortunate to have such a committed, positive and supportive group of partners in Bain & Company, Charles Russell Speechlys, Clifford Chance, EY, Permira, Permira Credit, Refinitiv an LSEG company, Schroders and Thompson Reuters. I would like to thank our partners and all their volunteers who lend their professional skills to SBT and its portfolio – in particular the senior representatives from each organisation who make up the SBT Investment Committee – for their energy and commitment this year.

This year has been an important year of transition in the executive leadership of SBT. After almost 12 years at the helm of Social Business Trust, and following a thoughtful and considered period of transition, co-founder Adele Blakebrough stepped down from the role of SBT's CEO in April 2022. On behalf of the Board, I would like to thank Adele for her many brilliant years at the helm of SBT. As Co-founder and inaugural CEO of SBT, she has been an outstanding and dynamic leader. Adele will continue with SBT as Founder and Senior Adviser.

The Board of SBT is delighted that Joanne Hay accepted the invitation to become SBT's new CEO from 1 May 2022. Joanne joined SBT in 2019, initially as Portfolio Director, adding further responsibilities as SBT's Deputy CEO in 2021. Prior to SBT, Joanne enjoyed a distinguished career in government and the voluntary sector, most recently as CEO of Power2 and prior to this, spent over 3 years at Cabinet Office, supporting the development of the public sector mutuals market. Joanne's appointment followed a selection process in which the SBT Board was supported by the leadership and talent development team at Bain & Company, and independent external recruitment advisers. We are delighted to welcome Joanne to the role of CEO.

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. This year, we have been pleased to welcome Kim Rihal to the Board. Kim was recruited through an open recruitment process, and brings expertise in building a successful and award-winning social enterprise in the education sector. She has recently been awarded NatWest and Pioneers Post Wise

100 Social Business Leader of the Year, recognising her work in founding and building Equal Education, which provides specialist tutoring for looked after, adopted and SEND children across the UK.

SBT will continue to tackle social inequity by helping to leverage the power of social enterprises and charities that play a crucial role in society. The work of these businesses and charities has never been more vital. In future years we plan to continue to grow and deepen the support we provide to our portfolio, to help them increase their impact, resilience and outcomes for their own beneficiaries. The opportunity for the social sector and business to join arms to achieve this and to tackle some of society’s most intractable problems has never been greater.

Larissa Joy OBE
Chair

CEO'S REPORT

COVID-19 has exacerbated inequalities and continues to do so. Coming out of over a year of lockdowns against a backdrop of worsening economic conditions has caused a huge amount of disruption. Charities and social enterprises faced with continued uncertainty have worked tirelessly to find new and innovative ways of working.

The work of the Social Business Trust, our partners and volunteers has never been more needed or valued. Over the past year I am proud that we have been able to increase the level of support to our portfolio organisations by working in partnership with their leadership teams to help them build sustainable recovery plans and achieve even greater impact.

None of this could have happened without the energy, enthusiasm and commitment of our Chair, trustees, business partners, volunteers and SBT staff. I would like to thank everyone for all their time and efforts especially our chair Larissa Joy, OBE, who is a constant source of inspiration, bringing out the very best of SBT and with such dedication in support of our mission. I would also like to pay tribute to our Investment Committee for their time, expertise and unwavering commitment to driving impact during this record year of investments.

At its heart, SBT is a family of business partners using their professional skills to help scale and amplify the impact of charities and social enterprises working to build a more just and equitable society. We work with outstanding social enterprises in the UK who are having a profound impact on societal problems. We support them for the long-term to become more sustainable, grow and serve many more people. Reflecting our ambition to do more, we have had a record year for income, totalling £4.3m, a 15% increase on FY21.

It was also a record year of direct contribution to our social enterprises in both in-kind and cash support, £3.5m compared with £3.0m last year, a 16% increase. After a period of stabilisation during the pandemic, this increased investment reflects our commitment to help more young people thrive in education and employment; to support more people with their mental health and wellbeing, and to help the most vulnerable live independently. Major projects, above £250k in the year, included: Catch22, Hertfordshire Independent Living Service, London Early Years Foundation, Retail Trust, and Hestia.

Overall, our business partners delivered over one thousand days of professional support. The Investment Committee approved a significant increase in cash grants with multi-year grants of £659k in the year, up from £100k approved in FY21 (five investments in FY22 compared with three investments in FY21). In November 2021 SBT launched the Digital Impact Fund with a £150k grant from a business partner and one big goal: to help social enterprises accelerate their shift to digital. A panel of experts from SBT's Digital Advisory Board, selected four charities with digital transformation initiatives to support, including creating a mobile platform to help young people access jobs, and the development of a digitally enabled delivery model for frontline mental health services for highly vulnerable people.

SBT had twelve charitable organisations in the portfolio with two new entrants this year. Retail Trust, a national charity supporting the mental health and well-being of people working in the retail sector, joined the portfolio in June 2021. LEAP, helping young people manage conflict in their lives, joined the portfolio in May 2022. We also supported a number of charities in our early-stage Design programme.

We operate a lean core team, drawing on support and advice from all of our corporate partners. As a result, after cost allocations, 96% of expenditure went on investing in projects up from 94% last year.

Our core team are key to ensuring SBT achieves its goals and ambitions. I am extremely proud of the way everyone has stepped up to help develop the new strategy and to support the CEO transition while working flat out to deliver our highest-ever level of volunteer activity. Strengthening the core team with a new Investment Associate and our exceptional Senior Investment Managers is already helping to increase our social impact.

During the year, we have also had the support of excellent EY secondees who have been instrumental in supporting our strategy refresh, supporting the portfolio, and developing our professional mentoring programme which continues to go from strength to strength.

The long-awaited new CRM system is up and running which will give us access to much better data, analysis and can help us to improve how we demonstrate our impact.

It has also been a year of transition for SBT. In May 2022, I was delighted to take on the role of CEO and remain indebted to Adele Blakebrough MBE for her unwavering support and to Larissa Joy, OBE, and the rest of the Board for being so generous and open with their support.

Like most organisations emerging from the pandemic, we have refreshed our strategy. Working with our partners and with expert support from Bain, we have identified priorities and planned our next steps together. The Board unanimously approved our new strategy in June 2022, and we are now implementing the recommendations. We look to the year ahead with big ambition to achieve significantly greater impact by deepening the support we provide through stronger relationships and a full potential plan. Through this deeper support, we aim to help our portfolio organisations to significantly increase their own impact, which we are open to assessing in many different ways as part of our commitment to keep learning and growing.

Joanne Hay
Chief Executive

Key Performance Indicators

KPI	Explanation	2021/22 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 2022 was £962k (2020/21: £762k). The main source of increase was a restricted grant of £150k from a business partner to fund SBT's Digital initiative. 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 2022 was £479k (2020/21: £402k). The main increases related to further strengthening of the core team during the year.
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 2022, SBT's Investment Committee approved proposals to invest in five social enterprises. Two of these were new to the portfolio, post SBT Design, and three 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 Network and social enterprises new to SBT 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 2022, £3,355k (2020/21: £2,995k) of in-kind support had been drawn down from SBT's business partners. 96% of this amount was provided directly to our investees.
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, we collected feedback from volunteers on how volunteering had impacted their professional development and some shared insights with our

KPI	Explanation	2021/22 Performance
		Investment Committee. Key stakeholders gave feedback on SBT as part of an external consultation to inform our new strategy.

Financial overview

Total cash incoming resources for the year were £962,460 (2021/22: £762,122). After core costs of £478,994 (2020/21: £402,229), cash payments to investee social enterprises of £316,075 (2020/21: £199,400), and a reduction in working capital of £132,938 (2021: increase of £94,697), year-end cash balances increased by £300,789 from £567,457 at 31 May 2021 to £868,246 at 31 May 2022. These, together with future cash donations from our business partners, will enable us to meet our cash commitments to existing investees (valued at £574,511 at 31 May 2022) and make additional investments during 2022/23.

In addition to their cash donations, business advice with an estimated market value of £3,354,692 (2020/21: £2,995,214) was drawn down from our business partners and provided to SBT and its investees.

An analysis of our total 2021/22 core and in-kind expenditure of £4,149,761 shows that £3,901,894 or 94% of our resources (2021/21: 92%) was focused on our investees. The balance went on raising funds (3%) and on governance (3%) – 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, a policy that was debated by trustees and re-confirmed during the year. At activity levels forecast for 2022/23, this implies the need to maintain a minimum level of funds of approximately £125,000 at 31 May 2022.

After deducting known cash commitments to portfolio companies, total unrestricted funds at 31 May 2022 were approximately £295,000. The excess over the minimum targeted level is regarded by the trustees as acceptable.

The trustees present their report and the audited financial statements for the year ended 31 May 2022.

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.

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 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)

Michael Crossan (Clifford Chance)

Andrew Walton (EY)
Paul Armstrong (Permira)
David Hirschmann (Permira Credit)
Luke Manning (Refinitiv)
Lucinda Case (Thomson Reuters)
Peter Harrison/Louise Hosking (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 every two years, including in FY22. 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

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 organisations 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.

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 2022, her salary was approximately 2.1 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 9, includes a commentary on SBT's performance in the year to 31 May 2022 and a financial overview.

Plans for the future

During FY22 SBT worked with many of its stakeholders to develop and refine its strategy, and to identify key objectives over the coming three years. Our overarching ambition is to achieve significantly greater impact, far beyond what we have achieved so far. We aspire to do this by significantly deepening the support we provide and by serving a slightly larger number of organisations.

Our priorities for 2022/23 include:

- Redesign our (re)investment process to have more impact for the social enterprises we support so that they are sustainable and can increase their own impact
- Increase the calibre of external communications to build SBT's profile
- Review and develop the SBT core team to maximise its impact
- Bring new outstanding social enterprises into our portfolio

- Have a clear focus on 1) youth/education as core alongside ‘seed’ themes in 2) mental health and 3) elderly care – while remaining sector-agnostic overall and retaining flexibility to explore other themes opportunistically
- Work exclusively with business-minded organisations that have strong potential to scale sustainably

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.

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 2022 was 9

(2021: 9). 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 6 September 2022 and signed on their behalf by:

Paul Armstrong – Secretary

Independent auditor's report

To the members of

Social Business Trust

Opinion

We have audited the financial statements of Social Business Trust (the 'charitable company') for the year ended 31 May 2022 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 2022 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 Social Business 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.

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

Independent auditor's report

To the members of

Social Business Trust

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 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, which included obtaining and reviewing supporting documentation, concerning the charity's policies and procedures relating to:

Independent auditor's report

To the members of

Social Business Trust

- 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.
- 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. This description forms part of our auditor's report.

Independent auditor's report

To the members of

Social Business Trust

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)

26 September 2022

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 2022

	Note	Unrestricted £	Restricted £	2022 Total £	Unrestricted £	Restricted £	2021 Total £
Income from:							
Donations	2	4,159,697	157,000	4,316,697	3,757,222	–	3,757,222
Bank interest and sundry income		455	–	455	114	–	114
Total income		4,160,152	157,000	4,317,152	3,757,336	–	3,757,336
Expenditure on:							
Raising funds		136,782	–	136,782	179,059	–	179,059
Charitable activities							
Investment in projects		3,857,740	155,239	4,012,979	3,417,784	–	3,417,784
Total expenditure	3	3,994,522	155,239	4,149,761	3,596,843	–	3,596,843
Net income for the year and net movement in funds	5	165,630	1,761	167,391	160,493	–	160,493
Reconciliation of funds							
Total funds brought forward		689,881	4,005	693,886	529,388	4,005	533,393
Total funds carried forward		855,511	5,766	861,277	689,881	4,005	693,886

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 2022

	Note	2022 £	2021 £
Fixed assets			
Tangible fixed assets	8	3,855	4,316
Current assets			
Debtors	9	18,268	137,379
Short term deposits		250,432	–
Cash at bank and in hand		617,815	567,457
		<u>886,515</u>	<u>704,836</u>
Liabilities			
Creditors: amounts due within one year	10	(29,093)	(15,266)
Net current assets		<u>857,422</u>	<u>689,570</u>
Net assets		<u>861,277</u>	<u>693,886</u>
The funds of the charity			
Unrestricted general funds		855,511	689,881
Restricted funds	11	5,766	4,005
Total charity funds		<u>861,277</u>	<u>693,886</u>

Approved by the trustees on 6 September 2022 and signed on their behalf by:

Harry Nicholson
Trustee

Social Business Trust

Statement of Cash Flows

For the year ended 31 May 2022

	2022 Total £	2021 Total £
Net income for the year	167,391	160,493
Depreciation	3,201	2,483
Loss on disposal of fixed assets	1	–
Decrease/(increase) in debtors	119,111	(95,146)
Increase in creditors	13,827	449
Net cash provided by operating activities	303,531	68,279
Cash flows from investing activities:		
Purchase of fixed assets	(2,741)	(1,434)
Net cash used in investing activities	(2,741)	(1,434)
Change in cash and cash equivalents in the year	300,790	66,845
Cash and cash equivalents at the beginning of the year	567,457	500,612
Cash and cash equivalents at the end of the year	868,247	567,457

Analysis of cash and cash equivalents

	At 1 June 2021 £	Cash flows £	At 31 May 2022 £
Cash at bank and in hand	567,457	50,358	617,815
Short term deposits	–	250,432	250,432
Total	567,457	300,790	868,247

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 Invicta House, 108–114 Golden Lane, London, EC1Y 0TL.

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" (i.e. 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	18.3%
Investment in projects	66.3%
Governance	15.4%

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
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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) Short term

Short term deposits includes cash balances that are invested in accounts with a maturity date of between 3 and 12 months.

r) 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.

2 Donations

	2022	2021
	Total	Total
	£	£
Cash donations from business partners	955,000	762,000
In-kind services provided by business partners	3,354,692	2,995,214
Cash donations from individuals and corporate entities	7,005	8
Total	<u>4,316,697</u>	<u>3,757,222</u>

In 2022, £150,000 of cash donations were restricted to the Digital Impact Fund, and £7,000 restricted to the HBS CEO programme.

Social Business Trust

Notes to the financial statements

For the year ended 31 May 2022

3a Total expenditure (current year)

	Costs of raising funds £	Investment in projects £	Governance Costs £	Support Costs £	2022 Total £	2021 Total £
Cash paid to support social enterprises	-	316,075	-	-	316,075	199,400
In-kind services provided	-	3,211,412	-	143,280	3,354,692	2,995,214
	-	3,527,487	-	143,280	3,670,767	3,194,614
Staff and recruitment costs (Note 6)	-	-	-	383,984	383,984	333,090
Property costs	-	-	-	27,858	27,858	27,495
Marketing and fundraising costs	-	-	-	7,426	7,426	3,981
Training	-	-	-	7,068	7,068	446
Subscriptions	-	-	-	2,049	2,049	2,057
Travel, subsistence and entertainment	-	-	-	5,599	5,599	973
Phone costs	-	-	-	3,111	3,111	3,180
Depreciation	-	-	-	3,201	3,201	2,483
Other office costs	-	-	-	21,569	21,569	14,396
Insurance	-	-	-	6,749	6,749	5,308
Professional fees	-	-	-	10,380	10,380	8,820
	-	3,527,487	-	622,274	4,149,761	3,596,843
Support Costs	132,996	374,407	114,871	(622,274)	-	-
Governance costs	3,786	111,085	(114,871)	-	-	-
Total expenditure 2022	136,782	4,012,979	-	-	4,149,761	
Total expenditure 2021	179,059	3,417,784	-	-		3,596,843

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 2022

3b Total expenditure (prior year)

	Costs of raising funds £	Investment in projects £	Governance Costs £	Support Costs £	2021 Total £
Cash paid to support social enterprises	–	199,400	–	–	199,400
In-kind services provided	–	2,835,839	–	159,375	2,995,214
	–	3,035,239	–	159,375	3,194,614
Staff and recruitment costs (Note 6)	–	–	–	333,090	333,090
Property costs	–	–	–	27,495	27,495
Marketing and fundraising costs	–	–	–	3,981	3,981
Training	–	–	–	446	446
Subscriptions	–	–	–	2,057	2,057
Travel, subsistence and entertainment	–	–	–	973	973
Phone costs	–	–	–	3,180	3,180
Depreciation	–	–	–	2,483	2,483
Other office costs	–	–	–	14,396	14,396
Insurance	–	–	–	5,308	5,308
Professional fees	–	–	–	8,820	8,820
	–	3,035,239	–	561,604	3,596,843
Support Costs	173,789	281,952	105,863	(561,604)	–
Governance costs	5,270	100,593	(105,863)	–	–
Total expenditure 2021	179,059	3,417,784	–	–	3,596,843

4 Investment in projects

An analysis of cash payments and in-kind services provided during the year is set out below, by status at end of FY22:

	2022 £	2021 £
Portfolio		
Brightside	67,257	62,703
Career Ready	141,271	248,114
Catch22	426,176	639,774
Challenge Partners	219,110	145,387
Hertfordshire Independent Living Service	851,917	213,324
ICAN	111,852	46,221
LEAP	65,263	48,000
London Early Years Foundation	325,898	204,292
RetailTRUST	583,038	6,571
The Brilliant Club	40,955	676,113
Twining	52,903	139,946
Alumni		
Bikeworks	9,270	17,946
Moneyline	5,224	95,846
Shakespeare Schools	736	–
Tempo Time Credits	59	33,843
UserVoice	26,191	52,174
Design		
BELU	–	24,286
British Exploring Society	9,456	–
City Harvest	48,434	–
DFN Project Search	42,048	–
Hestia	282,038	–
Mind	36,824	–
Refetorrio Felix	–	19,614
TeachFirst	–	17,143
The Orchard Project	–	6,643
	3,345,920	2,697,940
Digital		
Digital	158,186	296,644
Project Rainbow (I and II)	21,027	40,655
The Fore	2,354	–
	3,527,487	3,035,239

By the end of FY22, LEAP and RetailTRUST moved from SBT Design to Portfolio; Moneyline and User Voice joined the SBT Alumni group.

The in-kind services delivered to Hestia included the SBT Design stage and further strategy related support, that in part developed a template that will be used on future Design engagements.

Digital comprises the Digital Impact Fund in FY22 which made cash grants to Brightside, Catch22, Challenge Partners and Hestia, funded by a restricted donation from a business partner. In FY21, expenditure comprises the in-kind survey and digital diagnostic across the SBT portfolio and development of a digital toolkit.

Project Rainbow covers specific cash and in-kind services to support SBT portfolio members during COVID restrictions over the past two years.

In FY22, SBT piloted a relationship with The Fore whereby SBT sources volunteers from its business partners to support opportunities identified by The Fore.

4 Investment in projects (continued)

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

	2022 £	2021 £
Within one year	790,000	740,000
Between one and two years	650,000	–
Total	<u>1,440,000</u>	<u>740,000</u>

5 Net movement in funds for the period

This is stated after charging:	2022 £	2021 £
Depreciation	3,201	2,483
Rent/workstation licence fees	27,858	27,495
Auditor's remuneration (excluding VAT):		
Audit	7,750	7,350
Trustees' remuneration	NIL	NIL
Trustees' expenses	NIL	NIL

6 Staff costs and numbers

Staff costs were as follows:	2022 £	2021 £
Salaries and fees payable	320,882	294,593
Social security costs	34,650	28,893
Pension contributions	15,552	9,330
Recruitment costs	12,900	274
	<u>383,984</u>	<u>333,090</u>

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:

	2022 No.	2021 No.
£60,000 – £69,999	–	1
£90,000 – £99,999	1	1

The total employee benefits (including employer national insurance and employer pension contributions) of the key management personnel were £371,084 (2021: £332,816).

At 31 May 2022, SBT's core team consisted of 7.7 (2021: 5.9) full time equivalents, being 7 (2021: 6) employees and two (2021: one) secondees from EY. The average weekly number of employees (full-time equivalents) during the year was 5.4 (2021: 4.2).

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 equipment £	Total £
Cost		
At start of the year	17,840	17,840
Additions in year	2,741	2,741
Disposals in year	(3,880)	(3,880)
At the end of the year	16,701	16,701
Depreciation		
At start of the year	13,524	13,524
Charge for the year	3,201	3,201
Disposals in year	(3,879)	(3,879)
At the end of the year	12,846	12,846
Net book value		
At the end of the year	3,855	3,855
At the start of the year	4,316	4,316

All of the above assets are used for charitable purposes.

9 Debtors

	2022 £	2021 £
Prepayments	8,940	8,721
Other debtors	–	24,248
Rent deposit	2,328	4,410
Accrued income	7,000	100,000
	18,268	137,379

10 Creditors: amounts due within one year

	2022 £	2021 £
Taxation and social security	13,095	7,655
Other creditors	15,998	7,611
	29,093	15,266

11a Restricted funds – current year

	At 1 June 2021 £	Income £	Expenditure £	At 31 May 2022 £
Digital impact fund	–	150,000	(150,000)	–
HBS Fund	4,005	7,000	(5,239)	5,766
Total restricted funds	4,005	157,000	(155,239)	5,766

The Digital impact fund will enable immediate targeted investment in social enterprises, supporting their digital transformation so they can help more people recover from the effects of the pandemic.

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.

Total restricted funds at the year end (£5,766) were represented by cash. All of the charity's other assets and liabilities at 31 May 2022 represented unrestricted funds.

11b Restricted funds – prior year

	At 1 June 2020 £	Income £	Expenditure £	At 31 May 2021 £
HBS Fund	4,005	–	–	4,005
Total restricted funds	4,005	–	–	4,005

12 Property commitments

Under its current arrangements at Somerset House, SBT rents a number of desks on a rolling contract with one month's notice.

13 Related party transactions

As shown in Note 4, during the year, cash and in-kind services with values of £5,224 (FY21 £95,846), £583,038 (FY21 £6,571) and £736 (FY21 £nil) were provided to Moneyline, RetailTRUST and Shakespeare Schools ("Coram SSF") respectively. Jan Coos Geesink is a trustee of Moneyline, Paul Armstrong is a trustee of RetailTRUST, 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.