

Social Investment Scotland
(A company limited by guarantee)

**Trustees' report and consolidated financial statements
for the year ended 31 March 2025**

Registered number SC223302

Charity number SC036875

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Social Investment Scotland
(A company limited by guarantee)

Company information

Trustees

George Walker (Chair)
Carol-Ann Boyter
Louisa Macdonell
Claire Treacy
Samantha Bett
Caroline McLaughlin
Kathleen McLeay
Ian Mitchelmore
Thomas Gillan
David Scott Holmes
Amir Rizan (Appointed 23 June 2025)

Secretary

Alistair Johnstone

Solicitors

Morton Fraser MacRoberts LLP
2 Lister Square
Quartermile Two
Simpson Loan
Edinburgh
EH3 9GL

Auditor

Henderson Loggie LLP
Level 5
The Stamp Office
10-14 Waterloo Place
Edinburgh
EH1 3EG

Bankers

Bank of Scotland plc
300 Lawnmarket
Edinburgh
EH1 2PH

Registered office

3rd Floor
27 George Street
Edinburgh
EH2 2PA

Chair's Statement

At the core of our mission lies the unwavering commitment to creating lasting and meaningful change in the lives of people and communities. Now halfway through our ten-year 'Building and Impact Economy' strategy, we are proud to share the progress we have made deepening this commitment.

Building an Impact Economy sets out a vision for an economy, where:

- Enterprises will be provided with the tools, support, and inspiration to plan, create and scale their social impact.
- Governments and their agencies can partner with social enterprises in a range of ways, to enhance the delivery of social impact.
- Social entrepreneurs can readily access mission-aligned investment and support.
- Consumers and businesses can purchase products and services from social enterprises.
- Investors of all kinds can make purposeful investments for a financial and social return; and
- Businesses of all kinds implement responsible business approaches as standard.

To support delivery of this vision, we have developed a framework of strategic segments to set the activities of an increasingly complex group in context:

- **Market building:** including the business support activity of SIS including programmes to help organisations understand their social investment options and prepare to take on investment, perhaps for the first time; and scale programmes to support organisations exploit growth opportunities supported by social investment.
- **Communities:** covering SIS investment programmes for charities, social enterprises, and impact-led businesses, including the activity of wholly owned subsidiary SIS Ventures.
- **Access to Finance:** a defined strategic segment encompassing SIS's investment activity with other providers of responsible finance, namely households unable to access mainstream credit and small businesses excluded by the high street banks.
- An **innovation** segment to provide focus and resourcing for new opportunities.

The past twelve months have continued to see significant progress across all areas of our 2030 strategy. This is largely due to the commitment of the SIS team who have continued to work determinedly to develop the third sector whilst deploying SIS Values.

Whilst the unrestricted operational performance of the group has remained strong in this financial year and is discussed in more detail in the Trustees Report, our successes this year go beyond only financial performance. 6.1 million people benefitted from SIS customers' activities in the year this growth in breadth and reach continues to be gratifying and serves as a welcome reminder of why we do what we do. You can read more about the SIS Impact Reports [here](#).

The achievements linked to each of our strategic segments are discussed further in the trustees' report. However, I wanted to outline a few of the Impact highlights in the year below:

- £52.5M active loans and investments in 216 social enterprises
- £13.9M loan funding drawn down providing growth and sustainability capital, with 956 full time equivalent jobs expected to be created or sustained through new investment made in the year.
- 326 Social enterprise leaders participated in growth focused training events with 14 growth and resilience programmes delivered.

Chair's Statement (continued)

I am enormously grateful to all the SIS team, the SIS Board and our Communities who continue to work selflessly in supporting and advising the team to help turn our vision into a reality.

I'd also like to extend my sincere thanks to each of our Board members for their support throughout the year. I am delighted to be working with an excellent Board where each member brings their unique experience thus ensuring effective governance. I look forward to continuing to work with them, along with the Executive team, as we implement the action plan for 2025 – 2027.

We are as determined as ever to deliver our mission to connect capital with communities, to make a real measurable and sustainable impact upon people's lives. Social enterprises and community organisations are pivotal to so many in their communities. We see this daily and understand the importance we play in helping support this tremendous impact.


George Walker – 2025-10-28, 13:57:15 UTC

George Walker

Trustee

Charity number SC036875

Report of the Trustees

The trustees, who are also directors for the purposes of the Companies Act 2006, present their report with the financial statements for the year ended 31 March 2025.

Objectives and activities of the parent charitable company

Objectives

The objectives of the charitable company are to promote the advancement of citizenship and community development within Scotland and elsewhere for the benefit of the public by supporting the social sector, and in particular widening access to funding for the social sector, identifying needs in the social sector, providing and developing and/or assisting in the provision and development of support and advice for the social sector, all with a view to developing capacities and skills in improving the financial sustainability and maximising the contribution of the social sector to society and such that, for the purpose of this clause the “social sector” shall be taken to comprise:-

- organisations which are recognised as charities.
- social organisations which are (i) independent and/or voluntary organisations and established for purposes that add value to the community as a whole, or a significant section of the community, and (ii) which are not established primarily to distribute a profit (and on the basis that, for the avoidance of doubt, local government or other statutory authorities shall not be deemed to fall within the voluntary sector for the purposes of this clause); and
- companies and other legal entities which are wholly owned or controlled by one or more social sector organisations.

Review of activities (including achievements and performance)

SIS continues to deliver its strategic aim of Building an Impact Economy via a range of funds and partnership programmes. An overview of activities by strategic segment is discussed in more detail below.

Communities

Communities cover SIS' investment programmes for charities, social enterprises, and mission led organisations.

Our core loan fund, held within SIS Community Finance Ltd (SISCF), provides investments of up to £375k to third sector organisations for a range of purposes, using capital held under Community Investment Tax Relief (CITR) from a small group of investor banks. The fund deployed £2.5m (2024: £2m) of new funding, across 25 (2024: 20) loans. Taking this year's performance into account, since its inception, SISCF has lent £32.5 of funding across Scotland.

There are a number of additional funds where SIS is fund manager. Social Growth Fund is now in a management phase following the end of its deployment period in March 2019. This saw £12.5m deployed to support the growth ambitions of twenty-two social enterprises. This joint venture uses funds recycled within the Social Investment Fund (“SIF”), matched with the same amount of funding from Better Society Capital (BSC). Social Growth Fund 2 (a follow-on joint venture to Social Growth Fund) was launched, with the addition of the University of Edinburgh as an investor in 2019. This fund made £13m of capital available to Scotland's social enterprise sector. The fund deployment period ended in April 2024, with the fund fully committed.

Four funds were launched by the Scottish Government in response to the coronavirus pandemic. This includes the Third Sector Resilience Fund, launched to help third sector organisations to stabilize and manage cashflows during the pandemic. The fund provided £2.7m of critical loans across thirty

organisations and is now in the monitoring period of investment. In addition to the Third Sector Resilience Fund, a total of £10m was allocated between the Resilience and Recovery Fund (RRF) and the Net Zero Transition Fund (NZTF). A total of £7.2m has been deployed between both funds and the deployment period ended in September 2024. The Community Sustainability Fund was launched in October 2022 making £4m available to credit unions, charities, social enterprises and other third sector organisations. The funds deployment period ended in October 2024 and a total of £2m was fully deployed as at 31 March 2025.

In November 2022, the Social Enterprise Just Transition Fund (SEJTF) was launched and consisted of Scottish Government support of a £500k loan and £500k grant to provide support to the Northeast of Scotland and Moray to drive a transition to net zero. This fund has had excellent interest with the fund fully committed. A follow-on fund of £1m loan and £1m grant was launched during the current financial year and was fully deployed as at 31 March 2025.

Our Impact First Funds, managed by wholly owned subsidiary SIS Ventures Limited, which is a Financial Conduct Authority (FCA) authorised, also sit within our communities strategic segment. The Impact First Funds have been established to nurture the growth of impact-led enterprises across Scotland, providing access to capital and supporting the development of an impact framework for entrepreneurs. Impact First Fund A, completed an initial raise during 2018/2019, raising £1.2m. This raise is fully invested in a total of eight impact-led enterprises. A further two Impact First Funds, Impact First Fund B and C, were launched in 2021 and 2022 respectively, with the Scottish Government as the investor in both funds. This saw a total raise of £6.7m across both funds. In early 2024, the EIS qualifying Impact First Fund D was launched, raising £530k. This provided private investors with the opportunity to support both the existing portfolio of investments as well as invest in new, early-stage impact-led enterprises.

Finally, the charity also continues to manage several legacy funds, including Asda Community Capital, a loan fund capitalised by the proceeds of the 'carrier bag levy,' and the Scottish Investment Fund (SIF), funded by recycled Scottish Government contributions. The recycled capital from this fund has been reinvested into both the Social Growth Fund and Social Growth Fund 2, as well as Third Sector Resilience Fund (TSRF) and Credit Union Resilience Fund (CURF).

Access to Finance

Access to Finance is a defined strategic segment encompassing SIS's investment activity with other providers of responsible finance, namely households unable to access mainstream credit and small businesses excluded by the high street banks.

SIS has developed relationships and built specialist knowledge in the affordable credit sector. This began through several loans provided to the affordable credit providers via the Social Growth Fund, and now SIS manages several specific affordable credit funds.

SIS was awarded the management of the Community Investment Enterprise Fund ("CIEF") in September 2017. The fund, delivered in partnership with BSC, was established to support Community Development Finance Institutions (CDFIs) across the United Kingdom to on-lend to underserved micro, small and medium Enterprises. The fund's deployment period was extended to 31 December 2024, at which point it had deployed £37.5m to 4 CDFIs.

The CIEF 2 was a significant development for the CDFI sector as this saw significant matched funding being made available to the market through investment from Lloyds Banking Group, increasing the capital available to the CDFI market to deploy. This fund makes total capital available of £62m.

Market Building

Fund and lending/investment activity is only part of our SIS' story. Our Market Building activity and programmes helps organisations understand their social investment options, exploit growth opportunities, and support investment readiness in early-stage social enterprises. During the financial

year and post year end, we have seen the emergence of new partnerships and additional funding within this area of our strategy, highlighting the continued need for this support within the sector.

Our Associates programme provides social enterprises with access to support from professionals, with lived experience of founding and growing a social enterprise. SIS continued to deliver the 'Ambitions' programme, in partnership with Postcode Innovation Trust: a programme which has been evolved to support the needs and ambitions of more established social enterprises looking to scale up.

Our Funding Socials programme provides a suite of place-based, live events, delivered around Scotland to engage with organisations on funding options. We partnered with grant-giving bodies such as The National Lottery Community Fund and Inspiring Scotland, and where possible, the relevant enterprise agency (such as Highland and Islands Enterprise and SOSE).

Innovation

The innovation segment provides focus and resource to explore new opportunities to align with SIS' mission. During this financial year, SIS convened and hosted the work of Financial Inclusion for Scotland (FIFS), funded through our Impact and Innovation Reserves. FIFS is a group of Scotland's leading policymakers and professionals from the private, charity and not-for-profit sectors who have come together to tackle financial exclusion. In May 2024, FIFS published Scotland's first collaborative Financial Inclusion Strategy and launched a funding campaign calling for dormant assets to be allocated to boost affordable credit and community lending. The full Financial Inclusion for Scotland strategy can be found [here](#).

Impact highlights

Since its inception, SIS has invested just over £150m in 550 customers, and this year alone, we approved a further £13.9m in new investments. SIS investments continue to reach people and communities in all thirty-two of Scotland's local authority areas, communities across the UK and internationally. The social enterprises we are currently invested in support at least 6.1 million people across Scotland, the UK and beyond.

Beyond investments, SIS has hosted over 1,000 attendances through our various market-building programmes and events. These initiatives, working with a range of other partners and funders, support enterprises and entrepreneurs, helping them evolve their organisations, seize opportunities, and navigate challenges. Increasingly as part of our investments and market-building activity we encourage and support enterprises to consider responsible business practices, minimising harm, and maximising positive impact through all business touchpoints.

Over the year we have continued to develop our impact practice in conjunction with our six features of an Impact Economy.

We have documented our theory of change, impact framework, outcome indicators and other evidence tools, and continue to develop our measurement processes across our activities. We are further developing a digital impact platform to streamline our impact practice and bring greater focus and understanding of our contribution and progress towards Building an Impact Economy.

I would encourage you to read our impact report, available at [Impact reports | Social Investment Scotland](#).

Financial review

The results for the year for the Group are set out in the consolidated statement of financial activities on page 17. The position of the Group at the end of the year is shown in the consolidated balance sheet on page 19.

The year to 31st March 2025 saw deployment levels of £13.9m (2024: £13.4m). Our total charitable income decreased to £1,918k (2024 restated: £2,214k), a decrease of 13%. Our restricted income has increased to £304k (2024 restated: £202k). This is attributable to the prior year adjustment in relation to the change in treatment on consolidation of the Social Growth Funds.

Costs are managed in line with our budget and have reduced from £2,728k in 2024 (restated) to £2,353k in 2025. This reduction is primarily driven by reduction in overhead costs with average employee numbers dropping from average of 27 in 2024 to 22 in 2025 primarily driven by SIS Ventures moving to monitoring phase. As a result, unrestricted costs have reduced against prior year at £2,184k (2024 restated: £2,291k).

The SIS Group balance sheet continues to be strong with net assets of £19,467k (2024 restated: £19,705k). This is primarily the result of significant cash deposits, which primarily reflect SIF capital. These funds continue to capitalise on the Social Growth Fund, Social Growth Fund 2, and Third Sector Resilience Fund. As well as the capital, any surpluses generated along with interest on cash deposits will be returned to SIF as restricted funds.

Reserves policy and going concern

The trustees have ultimate responsibility for ensuring the charitable company has an effective reserves policy linked to the organisation's risk management framework and long-term strategy. The reserves policy that was applied during the year considered the following:

- The level of reserves required to safeguard the operations of the SIS Group in the event of financial difficulties.
- The level of reserves required to ensure the Group maintains sufficient liquidity and resources to absorb bad debts and to cover loss of lending margin. The SIS Group must utilise reserves in a way which supports the overall objectives of the organisation.
- The SIS Group must utilise reserves in a way which supports the overall objectives of the organisation.
- The SIS Group should not be holding excess reserves which could be used to benefit current and future customers of SIS.

The current reserves policy was reviewed in February 2025. The current reserves policy aims to maintain unrestricted funds on the following basis:

General unrestricted funds

The Trustees have set a reserves policy which requires maintaining unrestricted general funds of 6 months of expenditure of £1.3m.

As at 31 March 2025, unrestricted funds of the Group represent £3,585k (2024: £3,941k), of which £2,170k (2024: £2,194k) has been designated. Full details of our designated reserves are detailed on note 15.

The charity continues to adopt the going concern basis in preparing these financial statements.

Report of the Trustees (continued)

Principal risks and uncertainties

The Board of Trustees, its sub-committees, and the leadership team review risks on an ongoing basis, evaluating the mitigative actions that are in place, and identifying any new risks, with the aim of implementing appropriate remedial action. The trustees believe that the implementation of agreed actions and procedures will significantly reduce the probability and the impact of these risks.

The main principal risks to SIS Group are as follows:

- **Social impact** – The risk that the organisation does not optimise or measure impact. Strategic framework in place, with operational plan to support delivery.
- **Capital imbalance** – The risk relating to the availability of appropriate capital to fund investment activity. The Audit and Finance Committee has oversight to monitor this risk and ensure the formation of appropriate contingencies. Capital action plans and liquidity forecasts are monitored at regular intervals.
- **Loan default** – The risk of financial or reputational loss on delinquent or non-performing loans. Fortnightly higher risk meetings are held, led by the Head of Credit and Compliance, to ensure continual monitoring of these loans. High risk loans are reported to the Risk Committee on a quarterly basis. There are appropriate credit approval processes in place to provide challenge to approvals.
- **Capital deployment** – The risks arising due to under-deployment of capital funds, including reputational and financial impact. The leadership team monitors deal flow and pipeline on a regular basis. Team KPIs and targets are agreed upon where necessary, and a programme of business development activity is in place to continue to support deal flow.
- **Regulatory and compliance** – Risk associated with instances of non-compliance and violations of regulatory obligations. Internal compliances, practices and policies are overseen by the Head of Credit and Compliance, with regular reporting to the Board of Trustees. Appropriate policies and practices for key staff, with regular monitoring of training needs. Where necessary, support for compliance is sought from external third parties.

The Board of Trustees has ultimate responsibility for risk and the Board delegate oversight of the risk management framework to the Risk Committee. The Risk Committee is responsible for monitoring risk and mitigating actions across all areas of the Group and for ensuring the risk framework is both complied with and fit for purpose.

Future plans

In today's climate of rising costs and growing demand for services, we recognise the pressures facing social enterprises, charities, and the communities they serve. That is why our role – and our mission – feels more important than ever.

Our updated 2025 – 2027 action plan reaffirms our commitment to supporting these organisations in building a fairer, more inclusive Scotland.

Strengthening our Market Building Programmes

As the economic landscape evolves, strong networks and practical support are crucial. We are expanding our support for social enterprise leaders, delivering more Funding Socials across Scotland and deepening engagement through our SIS Associates to help build capacity and resilience when it's needed most.

Increasing investment for Communities

We are maximising available investment through existing and new funds unlocking more flexible finance options to help organisations manage current challenges while delivering local impact.

Championing Access to Finance

Fair, affordable finance is vital to social progress. We will continue to support the Financial Inclusion for Scotland group and aim to establish a Community Capital Fund – based on our success of managing the Community Investment Enterprise Fund in England and Wales. This would bring much needed investment to underserved communities, creating jobs and boosting local economies.

Report of the Trustees (continued)

Driving Innovation in Key Areas

We are prioritising innovation in two critical areas:

- Social enterprise-led childcare to support families, to provide essential economic infrastructure enabling parents to work, and create local, quality, fair work jobs.
- Nature-based financing to foster climate resilience and community wellbeing.

As we celebrate 25 years of impact, we remain focused on the future, and on how much more we can achieve together, whether you're an investor, a social entrepreneur, or a sector leader, we invite you to be part of what comes next.

Structure, governance, and management

Governing document and organisational structure

On 5 September 2005, the company Social Investment Scotland (a company limited by guarantee) was granted charitable status. The charitable company is governed by the Memorandum and Articles of Association dated 18 September 2001 (as revised on 14 March 2016) and is a registered charity in Scotland.

The trustees are all independent non-executive directors of the charitable company and are responsible for all decisions. The trustees have delegated day-to-day management of the charitable company to Chief Executive Officer, Alastair Davis, and the leadership team.

Recruitment and appointment, induction, and training of trustees

In accordance with the Memorandum and Articles of Association, the trustees are appointed for a three- year term and can offer themselves for a further term of office. All trustees are fully briefed on their legal obligations under charity and company law and are presented with monthly information on the financial performance of the charitable company. They are also encouraged to meet with key employees and to attend strategy and team-building events.


George Walker – 2025-10-28, 13:57:15 UTC

.....
George Walker
Trustee

Report of the Trustees (continued)

Committee structure

There are several committees established as part of the corporate governance structure of the parent charitable company and its subsidiaries. The committee members that served on these committees during the year are:

Risk committee:

Claire Treacy (Chair)
Mike Wooderson (End of term November 2024)
Wallace King
Lindsay Cockburn
Kathleen McLeay
Geraldine Wooley

Audit and Finance committee:

Samantha Bett (Chair)
Steven Jolly (End of term May 2024)
Bruce Marks
David Scott Holmes
Adam Cobham

Remuneration and appointments committee:

Carol-Ann Boyter (Chair)
George Walker
Louisa Macdonell

Reference and Administrative details

Trustees

The trustees (who are also directors for the purposes of the Companies Act 2006) who served the charitable company during the year were as follows:

George Walker

Samantha Bett

Carol-Ann Boyter

Caroline McLaughlin

Louisa Macdonell

Kathleen McLeay

Ian Mitchelmore

Claire Treacy

Thomas Gillan

David Scott Holmes

Amir Rizwan (Appointed 23 June 2025)

Secretary

Alistair Johnstone

Leadership team

Alastair Davis OBE FCIBS (Chief Executive Officer)

Alistair Johnstone MCIBS (Head of Credit and Compliance)

Chris Jamieson (Head of Investments)

Karen McBride (Head of Finance & Operations) (departed 4 October 2024)

Kieran Daly (Head of Market Building)

Lindsay Wake (Head of Impact)

Sharon Gillies (Chief Operating Officer) (Appointed 12 May 2025)

Register company number

SC223302

Registered charity number

SC036875

Independent Auditor's Report to the Members

Opinion

We have audited the financial statements of Social Investment Scotland (the 'parent charitable company') and its subsidiaries ('the group') for the year ended 31 March 2025 which comprise the group and parent charitable company statements of financial activities, the group and parent charitable company balance sheets, the group and parent charitable company statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group and parent charitable company's affairs as at 31 March 2025 and of the group & parent charitable company's incoming resources and application of resources, including the group and parent charitable company's income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006).

Basis of 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 charity'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 directors 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' report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. 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.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the report of the trustees, which includes the report of the directors prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the report of the directors' included within the report of the trustees has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and parent charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the report of the trustees.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) require us to report to you if, in our opinion:

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

Responsibilities of the trustees

As explained more fully in the trustees' responsibilities statement, the trustees (who are the directors for the purposes of company law and trustees for the purposes of charity law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with the Acts and relevant regulations made or having effect thereunder.

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

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

Independent Auditor's Report to the Members (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

As part of our planning process:

- We enquired of management the systems and controls the group has in place, the areas of the financial statements that are mostly susceptible to the risk of irregularities and fraud, and whether there was any known, suspected or alleged fraud. Management informed us that there were no instances of known, suspected or alleged fraud;
- We obtained an understanding of the legal and regulatory frameworks applicable to the group. We determined that the following were most relevant: compliance with the requirements from OSCR, GDPR, employment law, FCA and compliance with the UK Companies Act;
- We considered the incentives and opportunities that exist in the group, including the extent of management bias, which present a potential for irregularities and fraud to be perpetrated, and tailored our risk assessment accordingly; and
- Using our knowledge of the group, together with the discussions held with management at the planning stage, we formed a conclusion on the risk of misstatement due to irregularities including fraud and tailored our procedures according to this risk assessment.

The key procedures we undertook to detect irregularities including fraud during the course of the audit included:

- Enquiries with management about any known or suspected instances of non-compliance with laws and regulations, including GDPR and employment law, and fraud;
- Review of correspondence with regulators including OSCR and FCA;
- Reviewing minutes of meetings of those charged with governance;
- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular the impairment of investment in subsidiaries, recoverability of debtors, and the application of accruals and deferred income; and
- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness.

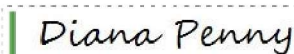
Owing to the inherent limitations of an audit, there is unavoidable risk that some material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK). For instance, the further removed non-compliance is from the events and transactions reflected in the financial statements, the less likely the auditor is to become aware of it or to recognise the non-compliance.

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

Use of our report

This report is made solely to the parent company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and to the parent charitable company's trustees, as a body, in accordance with regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Our audit work has been undertaken so that we might state to the parent charitable company's members, as a body, and the parent charitable company's trustees, as a body, 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 parent charitable company, the parent charitable company's members, as a body, and the parent charitable company's trustees, as a body, for our audit work, for this report, or for the opinions we have formed.


Diana Penny – 2025-10-28, 15:07:31 UTC

Diana Penny
Senior Statutory Auditor
For and on behalf of Henderson Loggie LLP
Chartered Accountants
Statutory Auditors

Date:
Level 5, The Stamp Office
10-14 Waterloo Place Edinburgh
EH1 3EG

Social Investment Scotland
(A company limited by guarantee)

Group statement of financial activities (incorporating income and expenditure account) for the year ended 31 March 2025

	Note	Unrestricted Funds £	Restricted Funds £	Total Funds 2025 £	Unrestricted Funds As restated £	Restricted Funds As restated £	Total Funds 2024 As restated £
Income							
Charitable activities	3	1,506,897	284,064	1,790,961	1,840,453	416,466	2,256,919
Investments		29,524	162,637	192,161	10,165	92,147	102,312
Share of profits & losses from joint ventures		-	150,869	150,869	-	46,894	46,894
Total income		1,536,421	597,570	2,133,991	1,850,618	555,507	2,406,125
Expenditure							
Charitable activities	5	(2,184,379)	(169,395)	(2,353,774)	(2,291,307)	(436,917)	(2,728,224)
Total expenditure		(2,184,379)	(169,395)	(2,353,774)	(2,291,307)	(436,917)	(2,728,224)
Net (expenditure)/income for the period		(647,958)	428,175	(219,783)	(440,689)	118,590	(322,099)
Transfers between funds		292,006	(292,006)	-	430,248	(430,248)	-
Net movement in funds		(355,952)	136,169	(219,783)	(10,441)	(311,658)	(322,099)
Reconciliation of funds							
Fund balances brought forward		3,941,127	15,790,982	19,732,109	3,951,568	16,102,640	20,054,208
Fund balances carried forward		3,585,175	15,927,151	19,512,326	3,941,127	15,790,982	19,732,109

Social Investment Scotland
(A company limited by guarantee)

Parent charitable company statement of financial activities (incorporating income and expenditure account) for the year ended 31 March 2025

	Note	Unrestricted Funds £	Restricted Funds £	Total Funds 2025 £	Unrestricted Funds As restated £	Restricted Funds As restated £	Total Funds 2024 As restated £
Income							
Charitable activities	3	1,539,597	50,811	1,590,408	2,009,476	63,200	2,072,676
Investments		13,866	162,637	176,503	2,932	92,147	95,079
Share of profits & losses from joint ventures		-	150,869	150,869	-	46,894	46,894
Total income		1,553,463	364,317	1,917,780	2,012,408	202,241	2,214,649
Expenditure							
Charitable activities	5	(2,128,703)	(27,138)	(2,155,841)	(2,210,594)	(326,761)	(2,537,355)
Total expenditure		(2,128,703)	(27,138)	(2,155,841)	(2,210,594)	(326,761)	(2,537,355)
Net (expenditure)/income for the period		(575,240)	337,179	(238,061)	(198,186)	(124,520)	(322,706)
Transfers between funds		122,317	(122,317)	-	187,745	(187,745)	-
Net movement in funds		(452,923)	214,862	(238,061)	(10,441)	(312,265)	(322,706)
Reconciliation of funds							
Fund balances brought forward		3,915,027	15,790,179	19,705,206	3,925,468	16,102,444	20,027,912
Fund balances carried forward		3,462,104	16,005,041	19,467,145	3,915,027	15,790,179	19,705,206

Group and charitable company balance sheets at 31 March 2025

		2025		2024	
	Note	Group £	Parent charitable company £	Group As restated £	Parent charitable Company As restated £
Fixed assets					
Tangible assets	8	52,863	52,863	79,032	79,032
Investments	9	5,767,916	8,202,920	7,163,240	9,538,244
		<u>5,820,779</u>	<u>8,255,783</u>	<u>7,242,272</u>	<u>9,617,276</u>
Current assets					
Debtors – due within one year	10	2,044,244	1,031,520	2,416,505	1,520,335
Debtors – due after one year	10	3,417,968	567,907	3,271,020	1,135,685
Cash at bank and in hand		11,355,895	9,931,774	10,374,124	8,247,820
		<u>16,818,107</u>	<u>11,531,201</u>	<u>16,061,649</u>	<u>10,903,840</u>
Creditors					
Amounts falling due within one year	11	(3,126,560)	(319,839)	(821,812)	(815,910)
Net current assets		<u>13,691,547</u>	<u>11,211,362</u>	<u>15,239,837</u>	<u>10,087,930</u>
Total assets less current liabilities		<u>19,512,326</u>	<u>19,467,145</u>	<u>22,482,109</u>	<u>19,705,206</u>
Creditors					
Amounts falling due after more than one year	12	-	-	(2,750,000)	-
Total net assets		<u>19,512,326</u> =====	<u>19,467,145</u> =====	<u>19,732,109</u> =====	<u>19,705,206</u> =====
Capital and reserves					
Restricted funds		15,927,151	16,005,041	15,790,982	15,790,179
Unrestricted funds		3,585,175	3,462,104	3,941,127	3,915,027
		<u>19,512,326</u> =====	<u>19,467,145</u> =====	<u>19,732,109</u> =====	<u>19,705,206</u> =====

The financial statements were approved by the board on ... October 2025 and signed on its behalf by:


George Walker – 2025-10-28, 13:57:15 UTC

George Walker

Trustee

Charity number SC036875

The notes on pages 22 to 47 form part of these financial statements.

Group and parent charitable company statement of cash flows for the year ended 31 March 2025

		2025		2024	
	Note	Group £	Parent charitable Company £	Group As restated £	Parent charitable Company As restated £
Cash flows from operating activities:					
Net cash (used in)/provided by operating activities	17	(751,673)	26,168	810,311	1,442,577
Cash flows from investing activities:					
Investment Income		192,161	176,503	102,312	95,079
Purchase of tangible fixed assets		(4,910)	(4,910)	(17,480)	(17,480)
Investment in subsidiary		-	(60,000)	-	(50,001)
Investment in joint ventures		-	-	(1,937,916)	(1,937,916)
Repayment of capital from joint ventures		1,546,193	1,546,193	383,561	383,561
Net cash used in investing activities		1,733,444	1,657,786	(1,469,523)	(1,526,757)
Cash flows from financing activities:					
Cash inflows from investors		-	-	-	-
Net cash (used in)/provided by financing activities		-	-	-	-
Change in cash and cash equivalents in the reporting period		981,771	1,683,954	(658,806)	(84,180)
Cash in cash equivalents at 1 April 2024		10,374,124	8,247,820	11,032,930	8,332,000
Cash and cash equivalents at 31 March 2025		11,355,895	9,931,774	10,374,124	8,247,820

Group and parent charitable company statement of cash flows for the year ended 31 March 2025
(continued)

Analysis of changes in net debt

Group	At 1 April 2024 as restated £	Cash flows £	At 31 March 2025 £
Cash	10,374,124	981,771	11,355,895
	<u>10,374,124</u>	<u>981,771</u>	<u>11,355,895</u>
	10,374,124	981,771	11,355,895
Loans	(2,750,000)	-	(2,750,000)
	<u>(2,750,000)</u>	<u>-</u>	<u>(2,750,000)</u>
Total	7,624,124	981,771	8,605,895
	=====	=====	=====
Company	At 1 April 2024 £	Cash flows £	At 31 March 2025 £
Cash	8,247,820	1,683,954	9,931,774
	<u>8,247,820</u>	<u>1,683,954</u>	<u>9,931,774</u>
	8,247,820	1,683,954	9,931,774
	=====	=====	=====

1 Accounting policies

General information

Social Investment Scotland is a charitable company limited by guarantee incorporated in Scotland.

The registered office is 3rd Floor, 27 George Street, Edinburgh, EH2 2PA.

Basis of accounting

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

Social Investment Scotland meets the definition of a public benefit entity under FRS 102.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

Basis of consolidation

The consolidated group financial statements consist of the financial statements of the parent company, Social Investment Scotland, together with all entities controlled by the parent company (its subsidiaries). All financial statements are made up to 31 March 2025.

All intra-group transactions and balances between group companies are eliminated on consolidation.

Subsidiaries are consolidated in the group's financial statements from the date that control commences until the date that control ceases.

Investments in joint ventures are carried in the group balance sheet at cost plus post-acquisition changes in the group's share of the net assets of the entity, less any impairment in value. If the group's share of losses in a joint venture equals or exceeds its investment in the joint venture or associate, the group does not recognise further losses unless it has incurred obligations to do so or has made payments on behalf of the joint venture or associate.

Going concern

The financial statements have been prepared on a going concern basis which the trustees consider to be appropriate. The parent company has significant cash reserves and regular income is generated from interest on loans, fund management and specific grants. In reaching this conclusion, the trustees have considered the forecasts for the period of 12 months from the date of signing the accounts and the cash position. The trustees have also considered the risk of the loan stock within subsidiary SIS (Community Finance) Limited, due for renewal in April 2025 and December 2025, not being renewed and the impact this will have on available capital. The directors believe it is still appropriate to prepare the financial statements on a going concern basis. This is on the basis that the loan stock due for renewal in April 2025 has been rolled over for over 5 years post year end, and extension granted to repay amounts due in December in March 2026 with funding secured from a new investor to provide investment into the group.

1 Accounting policies (continued)

Prior period adjustment

In prior periods Social Investment Scotland (SIS) treated two of its investee entities, Social Growth Fund LLP (SGF) and Social Growth Fund 2 LLP (SGF2) as subsidiaries and fully consolidated their financial statements into the Group financial statements. During the current year a detailed review of partnership and other governing agreements was carried out which showed that all strategic, financial and operating decisions relating to the activity of SGF and SGF2 required unanimous consent from SIS and its funding partners. The Trustees therefore concluded that SGF and SGF2 meet the definition of Joint Ventures as set out in section 15 of FRS 102. The results and balances of SGF and SGF2 are therefore included in the Group financial statements using the equity method of consolidation and the prior year comparatives for income, expenditure, fixed assets, current assets, creditors and reserves have all been restated. The impact of these prior period adjustments is detailed in note 24.

In addition, SIS previously carried its investments in SGF and SGF2 in the parent entity balance sheet at cost less impairment. FRS 102 allows parent entities to record its investments in Joint Ventures at fair value through the Statement of Financial Activities and the Trustees have decided that, in order improve understanding, the accounting policy adopted by the parent entity be changed to be consistent with the Group financial statements. The impact of these prior period adjustments is detailed in note 24.

Recognition and allocation of income

Grants and voluntary income

Income from grants, including capital grants, is recognised when the parent charitable company has legal entitlement to the funds, the receipt is probable, and the amount can be measured reliably.

Where there are terms placed on income that limit the parent charitable company's discretion over how that income can be used, that income is shown as restricted income in the accounts.

Income from charitable activities

The income from lending operations is included in incoming resources in the period in which the group is entitled to receipt. Certain advances from the Scottish Investment Fund bear interest which may be waived at the discretion of Social Investment Scotland subject to the achievement of specified social outcomes. Interest on these advances is included within income from charitable activities and a related provision for interest expected to be waived is charged to charitable activities.

The Charities SORP (FRS 102) recommends income from lending activities is classified as "charitable" when carried out by the parent charitable company, but as "other trading" when carried out by the group's subsidiaries. Each company carries out the same principal activity, being the provision of loan finance to third sector organisations and social impact driven enterprises based or operating in Scotland, in furtherance of the charitable purposes of the group. Therefore, the trustees consider it appropriate that these activities are classified consistently across the group as charitable income.

In the event of income being received in advance this is deferred and released in the year in which the event takes place. Any income not received in the year in which it is receivable is accrued at the year end.

Income is represented by interest, arrangement fees, deployment fees and ongoing management fees. Interest income represents amounts receivable during the year in respect of the provision on loan finance to social enterprises based or operating in Scotland. Arrangement fees are recognised upon deployment of investment. Deployment fees are recognised in line with the deployment period of the investment. Management fees are recognised on an on-going monthly basis following deployment.

Notes to the consolidated financial statements (continued)

1 Accounting policies (continued)

Fees are recognised at the fair value of the consideration received or receivable net of VAT and other sales related taxes.

Investment income

Interest is recognised using the effective interest rate applicable to the asset.

Income from Joint Ventures

The share of income generated by joint ventures is recognised annually in restricted income.

Recognition and allocation of expenditure

Expenditure is recognised on an accruals basis when the group has entered into a legal or constructive obligation. Where possible, expenditure is allocated directly to the function to which it relates.

Charitable activities include expenditure associated with the strategic investment in the social sector in Scotland and include both the direct costs and support costs relating to these activities.

All support costs relate to the single activity of the group, being the provision of loan finance and equity finance to third sector organisations and mission led enterprises based or operating within the UK.

Governance costs include those costs associated with meeting the constitutional and statutory requirements of the group and parent charitable company.

Funds

Unrestricted funds include incoming resources receivable or generated for the objects of the group without further specified purpose and are available as general funds. These funds can be used in accordance with the charitable objects at the discretion of the trustees.

Designated funds primarily represent reserves held to capitalise the future core lending activities of the organisation, as designated by the trustees.

Restricted funds are to be used for specific purposes as laid down by the donor.

Tangible fixed assets

Fixed assets costing £500 or more are included in the balance sheet at cost, less accumulated depreciation.

Depreciation

Depreciation is provided in the period in which the fixed assets are purchased. The rates of depreciation are calculated so as to write off the cost less residual value of each asset evenly over its expected useful life as follows:

Office equipment, fixtures and fittings, website developments	25% straight-line
Leasehold improvements	20% straight-line
Cycle to work	12 months straight-line

Notes to the consolidated financial statements (continued)

1 Accounting policies (continued)

Investments

In the parent charitable company's financial statements, investments in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

Entities in which the group has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities. The investment is treated as a restricted fund in these financial statements and, as Social Investment Scotland produces consolidated accounts, we have adopted the equity method of accounting for this joint venture, which results in net income from the joint venture shown as a separate item in the Statement of Financial Activities.

Jointly controlled entities in the parent charitable company's financial statements are initially measured at cost and subsequently measured at fair value through the statement of financial activities.

Operating leases

Rentals payable under operating leases are charged on a straight-line basis over the term of the lease.

Taxation

Social Investment Scotland has been recognised by HM Revenue and Customs as a charity for the purposes of sections 466 to 493 Corporation Tax Act 2010 and section 256 Taxation of Chargeable Gains Act 1992. Accordingly, the parent charitable company is potentially exempt from taxation in respect of income or capital gains to the extent that such income or gains are applied to charitable purposes. Social Investment Scotland's trading subsidiaries are subject to corporation tax in the same way as any commercial organisation.

Concessionary loans

Loans issued by group companies, as members of a public benefit entity group, are deemed to be concessionary loans. Concessionary loans are initially measured at the amount paid. Subsequent to initial recognition, the carrying amount of concessionary loans at the reporting date is adjusted to reflect any repayments, accrued interest and impairment.

Specific provisions against advances are recognised when a risk of non-recoverability is identified, as a result of regular monitoring and review by the trustees. Provisions made during the year, less amounts released, are charged to the statement of financial activities and are netted off against advances reported in the balance sheet .

Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

Creditors

Trade creditors are obligations to pay for goods or services that have been acquired. They are recognised at the undiscounted amount owed to the supplier, which is normally the invoice price.

Notes to the consolidated financial statements (continued)

1 Accounting policies (continued)

Financial assets and financial liabilities

The parent charitable company and group only enters into basic financial instruments that result in the recognition of financial assets and liabilities such as trade and other accounts receivable and payable, loans from banks and other third parties and loans to related parties and social enterprises. Financial instruments are classified as in accordance with Chapter 11 of FRS 102.

Financial instruments are recognised in the balance sheet when the parent charitable company becomes a party to the contractual provisions of the instrument. Financial instruments payable or receivable within one year are measured at the undiscounted amount expected to be paid or received. Financial instruments payable or receivable outwith one year are initially measured at transaction cost. Subsequent to initial recognition, at the end of each reporting period, basic financial instruments are measured at amortised cost using the effective interest rate method.

Financial assets are derecognised when the contractual rights to the cash flows from assets are due to expire, or when the company has transferred substantially all the risks and rewards of ownership. Financial liabilities are derecognised only once the liability has been extinguished through discharge, cancellation or expiry.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the statement of financial activities.

Pensions

Pension contributions are made to the group defined contribution pension scheme. These are charged in the year in which they are incurred.

Investment funding accounted for on an agency basis

The charity receives funding from a number of entities for the purpose of providing loan finance and grants to eligible social sector organisations.

Funding received is not disclosed within the Statement of Financial Activities or Balance Sheet as the charity is acting, in substance, as an agent in administering the funds of other entities in line with their instructions.

The charity receives a management fee in return for its services which is recognised as income in the financial statements.

Funds held on a Nominee basis

The group's financial statements include five subsidiaries (SIS Community Capital Limited, Community Investment Facility Limited, Community Investment Facility 2 Limited, Impact Ventures Scotland Limited, and Impact First Nominees Limited) whose financial statements are prepared on a nominee basis as ultimately the economic benefit and liabilities arising from the funds under management lie with the original investors. The consolidation of these subsidiaries into the group's financial statements is prepared on the same basis.

Notes to the consolidated financial statements (continued)

2 Critical judgements and estimates

In preparing the financial statements trustees make estimates and assumptions which affect reported results, financial position and disclosure of contingencies. Use of available information and application of judgement are inherent in the formation of the estimates, together with past experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

The accounting judgements or significant estimates deemed to be required in preparing these accounts, are set out below. The trustees are satisfied that accounting policies are appropriate and applied correctly.

Advances of concessionary loans are reviewed regularly and given a risk rating, this rating is based on judgement after reviewing the available information from the borrower. There are certain ratings that require a provision to be made against the loan depending on whether there is deemed to be adequate security on the loan or not. Provisions are reviewed and updated in light of information available which indicates a loan was impaired at the year end or that a previously recognised provision needs to be adjusted. There is further discussion on this included within the Trustees Report.

Income from lending activities by subsidiaries is treated as charitable income in the consolidated statement of financial activities. This is because the substance of this income is the same as that carried out in the parent entity, therefore the trustees consider it appropriate that these activities are classified consistently across the group.

Company investments are reviewed annually for impairment. As part of this review, future cashflows of the investment are considered and assumptions are made on the risk and future level of bad debts. The assumptions on future bad debt levels are based on risk rating of the customers, our knowledge of the customer and levels of security held for current customers, and an estimation of undrawn loans that may go bad based on typical bad debt levels we experience. Based on this, an assessment is then made on whether the investment is impaired and if so, the value of the impairment.

The level of control exerted by SIS on two of its associated entities, Social Growth Fund LLP & Social Growth Fund 2 LLP is considered a key judgement in the year. Previously, the two LLPs were treated as wholly owned subsidiaries, however following review of the nature & substance of the LLP agreements, this position was re-assessed, with the conclusion reached that these LLPs are in fact joint ventures with the other participating funders. Resultantly, the prior period figures were restated to reflect this, as well as the current year treatment being adapted to properly reflect the accounting treatment of these entities as joint ventures. Further information on the prior period adjustment is available within Note 24.

Notes to the consolidated financial statements (continued)

3 Incoming resources from charitable activities

	2025		2024	
	Group	Company	Group	Company
	£	£	As restated £	£
Grant income:				
Scottish Government:				
Third Sector Division	50,679	50,679	204,646	204,646
Other grants	347,083	347,083	231,455	231,455
Earned income:				
Interest	343,833	48,399	284,074	62,827
Arrangement fees	72,538	2,350	103,175	250
Management and deployment fees	976,191	1,141,897	1,415,069	1,554,606
Other income	637	-	18,500	18,892
	<u>1,790,961</u>	<u>1,590,408</u>	<u>2,256,919</u>	<u>2,072,676</u>
	=====	=====	=====	=====

4 Net income/(expenditure)

	2025		2024	
	Group	Company	Group	Company
	£	£	As restated £	£
Net income/(expenditure) is stated after charging:				
Hire of assets under operating leases	1,831	1,831	1,831	1,831
Leasing of buildings under operating leases	39,000	39,000	33,884	33,884
Depreciation	31,079	31,079	33,663	33,663
Auditor's remuneration:				
- Audit fee for parent charitable company	32,100	32,100	26,600	26,600
- Audit fee for subsidiaries	29,400	-	24,880	-
- Audit-related assurance fee	4,000	-	4,000	-
- Other fees	500	-	500	-
- Tax fee	3,354	1,104	3,518	850
	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>

5 Charitable activities – lending

	2025		2024	
	Group	Company	Group	Company
	£	£	As restated £	As restated £
Bad and doubtful debt provision	16,235	1,848	120,117	86,763
Other capacity building activities	245,065	218,365	304,579	259,563
Support costs (Note 6)	2,023,120	1,902,424	2,244,030	2,163,579
Governance costs (Note 6)	69,354	33,204	59,498	27,450
	<u>2,353,774</u>	<u>2,155,841</u>	<u>2,728,224</u>	<u>2,537,355</u>
	=====	=====	=====	=====

Notes to the consolidated financial statements (continued)

6 Support costs

	2025		2024	
	Group £	Company £	Group As restated £	Company £
Staff costs (Note 7)	1,253,285	1,253,285	1,437,321	1,437,321
Recruitment	43,163	43,163	12,951	12,951
Legal and professional fees	390,607	310,442	237,625	192,678
Depreciation	31,079	31,079	33,663	33,663
Premises	53,074	53,074	49,196	49,196
Repairs and maintenance	4,140	4,140	10,889	10,889
Communication and IT	125,864	124,085	115,318	114,903
Travel, accommodation and subsistence	27,247	23,788	30,523	26,415
General expenses	63,411	59,368	285,208	285,563
Interest paid	31,250	-	31,336	-
	<u>2,023,120</u>	<u>1,902,424</u>	<u>2,244,030</u>	<u>2,163,579</u>
	=====	=====	=====	=====
Governance costs				
External audit and tax	69,354	33,204	59,498	27,450
	=====	=====	=====	=====

7 Staff costs

Group and company

	2025 £	2024 £
Wages and salaries	1,051,348	1,204,599
Social security costs	112,289	126,602
Pension costs	89,648	106,120
	<u>1,253,285</u>	<u>1,437,321</u>
	=====	=====

During the year there was one employee whose remuneration fell into the band of £60,001 to £70,000 (2024: one), three between £70,001 to £80,000 (2024: three), none between £80,001 to £90,000 (2024: one), and one between £120,001 to £130,000 (2024: one).

Pension costs relate to employer contributions into the group pension scheme and individual employee private pension schemes. There was £10,953 outstanding for payment as at 31 March 2025 (2024: £17,370).

Trustees' remuneration and expenses

No trustee was remunerated for the year ended 31 March 2025 (2024: £nil). During the year, no (2024: none) trustee received reimbursement of expenses.

The average monthly number of employees during the year was:

	2025 No.	2024 No.
Full time	17	20
Part time	5	7
	<u>22</u>	<u>27</u>
	=====	=====

Notes to the consolidated financial statements (continued)

8	Fixed assets	Office Equipment, Fixtures & Fittings £
	Group and Company	
	Cost	
	At 1 April 2024	170,565
	Additions	4,910
		<hr/>
	At 31 March 2025	175,475
		=====
	Depreciation	
	At 1 April 2024	91,533
	Charge for the period	31,079
		<hr/>
	At 31 March 2025	122,612
		=====
	Net book value	52,863
	At 31 March 2025	
		=====
	At 31 March 2024	79,032
		=====

Notes to the consolidated financial statements (continued)

9	Investments Group	Investments in Joint Ventures £	Total investments £
	Cost		
	At 1 April 2024 as restated	7,163,240	7,163,240
	Repayments	(1,546,193)	(1,546,193)
	Income from share in joint venture	150,869	150,869
	At 31 March 2025	5,767,916 =====	5,767,916 =====
	Net book value		
	At 31 March 2025	5,767,916 =====	5,767,916 =====
	At 31 March 2024 as restated	7,163,240 =====	7,163,240 =====

Company	Shares in group undertakings £	Shareholder loans £	Investments in Joint Ventures £	Total investments £
Cost				
At 1 April 2024 as restated	125,006	2,250,000	7,163,238	9,538,244
Additions	60,000	-	-	60,000
Repayments	-	-	(1,546,193)	(1,546,193)
Income from share in joint venture	-	-	150,869	150,869
At 31 March 2025	185,006 =====	2,250,000 =====	5,767,914 =====	8,202,920 =====
Net book value				
At 31 March 2025	185,006 =====	2,250,000 =====	5,767,914 =====	8,202,920 =====
At 31 March 2024 as restated	125,006 =====	2,250,000 =====	7,163,238 =====	9,538,244 =====

Notes to the consolidated financial statements (continued)

9 Investments (continued)

Investments in subsidiaries

The shares in group undertakings brought forward at 1 April 2024 are shown at cost less impairment. Investments comprise:

- 100% of the ordinary share capital of SIS (Community Finance) Limited, a subsidiary registered in Scotland;
- 100% of the ordinary share capital of SIS Community Capital Limited, a company registered in Scotland;
- 100% of the ordinary share capital of Community Investment Facility Limited, a company registered in England & Wales;
- 100% of the ordinary share capital of Community Investment Facility 2 Limited, a company registered in England & Wales;
- 100% of the ordinary share capital of SIS Ventures Limited, a company registered in Scotland;
- 100% of the ordinary share capital of Impact Ventures Scotland Limited, a company registered in Scotland; and
- 100% of the ordinary share capital of Impact Investment Scotland Limited, a company registered in Scotland.

The registered office of all subsidiaries, except for Community Investment Facility Limited (CIFL) and Community Investment Facility 2 Limited (CIF2L), is 3rd Floor, 27 George Street, Edinburgh, EH2 2PA and all subsidiaries are included within the consolidated financial statements. CIFL and CIF2L's registered office is 167 -169 5th Floor, Great Portland Street, London, W1W 5PF.

The principal activity of SIS (Community Finance) Limited continued to be the provision of loan finance to third sector organisations based or operating in Scotland. The capital and reserves of SIS (Community Finance) Limited at 31 March 2025 were £2,370,843 including shareholder loans of £2,250,000 (2024: £2,276,296 including shareholder loans of £2,250,000) and the profit for the financial year was £94,547 (2024: £Nil) which includes income of £342,196 (2024: £251,958) and expenditure of £247,649 (2024: £251,958).

SIS Community Capital Limited was dormant in the year. Previously the company acted as a nominee company for individual investors to make loans to social enterprises. The capital and reserves of SIS Community Capital Limited at 31 March 2025 were £1 (2024: £1) and the profit after tax for the financial period was £nil (2024: £Nil) which includes income of £nil (2024: £Nil) and expenditure of £nil (2024: £Nil). All funds owed to investors were fully repaid in November 2022, and the fund was formally closed at that time.

The principal activity of Community Investment Facility Limited is to act as a nominee company for the Community Investment Enterprise Facility Fund ("CIEF"). This fund was created to support Community Development Finance Institutions (CDFI's) across the United Kingdom to on-lend to under-served micro, small and medium enterprises. The capital and reserves of Community Investment Facility Limited at 31 March 2025 were £1 (2024: £1). The company earned no income nor generated expenditure during the year. The accounting policies to these financial statements ("Funds held on a Nominee basis") disclose further details of the accounting treatment of this subsidiary.

Notes to the consolidated financial statements (continued)

9 Investments (continued)

The principal activity of SIS Ventures Limited is to provide fund management services to Impact First Funds. The funds invest in impact led enterprises to help address society's greatest challenges and needs across Scotland. The company became authorised by the Financial Conduct authority in May 2018. This gives the company permissions to provide certain regulated services and products. The capital and reserves of SIS Ventures Limited at 31 March 2025 were £109,338 (2024: £125,608) and the loss after tax for the financial period was £76,270 (2024: £1,000 profit) which includes income of £233,070 (2024: £353,267) and expenditure of £309,340 (2024: £352,267).

SIS Ventures Limited owns 100% of the ordinary share capital of Impact First Nominees Limited, a company registered in Scotland. The principal activity of the company is to act as a nominee company for Impact First Fund A, on behalf of private investors. The company is supported in the management of the fund by SIS Ventures Limited, also a subsidiary of Social Investment Scotland. The capital and reserves at 31 March 2025 were £1 (2024: £1). The accounting policies to these financial statements ("Funds held on a Nominee basis") disclose further details of the accounting treatment of this subsidiary.

The principal activity of Impact Ventures Scotland Limited is to act as a nominee company for 2 Impact First Funds, B & C. The Scottish Government is an investor on both funds. The company is supported in the management of the fund by SIS Ventures Limited, also a subsidiary of Social Investment Scotland. The capital and reserves at 31 March 2025 were £1 (2024: £1). The accounting policies to these financial statements ("Funds held on a Nominee basis") disclose further details of the accounting treatment of this subsidiary.

The principal activity of Community Investment Facility 2 Limited is to act as a nominee company for the Community Investment Enterprise Facility 2 Fund ("CIEF 2"). This fund is a follow on fund to support Community Development Finance Institutions (CDFI's) across the United Kingdom to on-lend to under-served micro, small and medium enterprises. The capital and reserves of Community Investment Facility Limited at 31 March 2025 were £1 (2024: £1). The company earned no income nor generated expenditure during the year. The accounting policies to these financial statements ("Funds held on a Nominee basis") disclose further details of the accounting treatment of this subsidiary.

Investments in joint ventures

The joint ventures brought forward at 1 April 2024 are shown at fair value. Investments comprise:

- 50% of the members capital in Social Growth Fund LLP, a Limited Liability Partnership registered in Scotland;
- 46% of the members capital in Social Growth Fund 2 LLP, a Limited Liability Partnership registered in Scotland;

The registered office of both LLP's is 3rd Floor, 27 George Street, Edinburgh.

Notes to the consolidated financial statements (continued)

9 Investments (continued)

The principal activity of Social Growth Fund LLP continued to be the provision of loan finance to third sector organisations based or operating in Scotland. The capital and reserves of Social Growth Fund LLP at 31 March 2025 were £1,989,235 including members' loan of £4,932,630 (2024: £3,721,676 including members' loan of £6,804,708) and the profit for the financial year was £139,637 (2024: £232,489) which includes income of £206,928 (2024: £260,036) and expenditure of £67,291 (2024: £27,547). During the year, Social Investment Scotland received capital repayments of £382,608 (2024: £383,607) and their share of profits generated by the LLP was £69,818 (2024: £116,245).

The principal activity of Social Growth Fund 2 LLP is the provision of loan finance to third sector organisations based or operating in Scotland. The capital and reserves of Social Growth Fund 2 LLP at 31 March 2025 were £10,342,038 including members' loans of £11,678,117 (2024: £11,488,112 including members' loans of £13,000,001) and the profit for the financial year was £175,610 (2024: loss of £150,260) which includes income of £661,503 (2024: £541,586) and expenditure of £485,893 (2024: £691,846). During the year, Social Investment Scotland received capital repayments of £610,054 (2024: £nil) and their share of profits generated by the LLP was £81,051, (2024: £69,351 loss). No capital was invested in the year (2024: £1,937,962).

Investment of £1 was made in Social Growth Fund 3 LLP in the year, there has been no further activity in the year.

10 Debtors

	2025		2024	
	Group £	Company £	Group As restated £	Company £
Due within one year				
Concessionary loans	1,752,064	795,880	1,944,063	993,452
Trade debtors	31,485	15,696	44,165	37,790
Prepayments and accrued income	218,678	213,101	386,077	351,630
Other debtors	42,017	3,742	42,200	8,074
Amounts due from group companies	-	3,101	-	129,389
	<u>2,044,244</u>	<u>1,031,520</u>	<u>2,416,505</u>	<u>1,520,335</u>
	=====	=====	=====	=====
Due after one year				
Concessionary loans	3,417,968	567,907	3,271,020	1,135,685
	<u>5,462,212</u>	<u>1,599,327</u>	<u>5,687,525</u>	<u>2,656,020</u>
	=====	=====	=====	=====

Interest is charged on concessionary loans at fixed rates of 0% - 12%. Security is held over certain loans by way of a floating charge over assets of the relevant company.

A provision of £241,624 (2024 (as restated) : £371,159) has been recognised against the consolidated debtors. A provision of £148,196 (2024: £228,400) has been recognised against the company debtors.

Notes to the consolidated financial statements (continued)

11 Creditors: amounts falling due within one year

	2025		2024	
	Group	Company	Group	Company
	£	£	As restated	£
Trade creditors	80,184	67,290	72,301	68,081
Sundry creditors	37,689	29,440	453,403	450,894
Other taxes and social security	23,215	23,215	39,788	36,208
Accruals and deferred income	235,473	199,773	256,320	214,456
Amounts due to group undertakings	-	121	-	46,271
1% subordinated unsecured loan				
stock April 2025	2,000,000	-	-	-
1.5% unsecured loan	750,000	-	-	-
	3,126,560	319,839	821,812	815,910
	=====	=====	=====	=====

Deferred income

Group and company	2025	2024
	£	£
At 1 April	52,371	144,850
Amounts released from previous years	(50,679)	(92,479)
Incoming resources deferred in the current year	100,743	-
	102,435	52,371
	=====	=====

At 31 March

Deferred income represents grant income received in advance of performance milestone being met.

12 Creditors: amounts falling due after more than one year

	Group	
	2025	2024
	£	As restated
		£
1% subordinated unsecured loan stock April 2025	-	2,000,000
1.5% unsecured loan	-	750,000
	-	2,750,000
	=====	=====

Notes to the consolidated financial statements (continued)

13 Loans and borrowings

	Group	
	2025	2024
	£	As restated
		£
Analysis of loans		
Unsecured loans	2,750,000	2,750,000
Maturity of debt		
Within one year	2,750,000	-
Between two and five years	-	2,750,000
In more than five years	-	-
	2,750,000	2,750,000
	=====	=====

The group has £2,000,000 of 1% subordinated unsecured loan stock repayable in April 2025. This has been extended post year end to April 2030. Please see note 23 for more information.

The group has a £750,000 1.5% unsecured loan not repayable before March 2026. This was extended from the previous date of December 2025 during the year.

14 Operating lease and other commitments

At 31 March 2025 the group and parent charitable company had commitments under non-cancellable operating leases as set out below:

	Land buildings		Other	
	2025	2024	2025	2024
	£	£	£	£
Where lease expires:				
Within one year	39,000	39,000	1,310	328
Within two – five years	42,250	81,250	1,638	-
	81,250	120,250	2,948	328
	=====	=====	=====	=====

At 31 March 2025 the group and parent charitable company had the following contractual commitments under signed loan or grant agreements, not yet drawn down, as set out below:

	2025		2024	
	Group	Company	Group	Company
	£	£	£	£
Loans	5,347,541	240,000	3,607,028	617,028
	=====	=====	=====	=====

Notes to the consolidated financial statements (continued)

15 Funds

Group - 2025	At 1 April 2024 £	Income £	Expenditure £	Transfers £	At 31 March 2025 £
Unrestricted funds					
General fund	1,747,102	1,536,421	(2,081,295)	212,939	1,415,167
Designated funds:					
Social Surplus Fund	33,072	-	(11,417)	1,245	22,900
Default reserve	900,000	-	-	-	900,000
Margin reserve	350,000	-	-	-	350,000
Impact and Innovation reserve	910,953	-	(91,667)	77,822	897,108
	<u>3,941,127</u>	<u>1,536,421</u>	<u>(2,184,379)</u>	<u>292,006</u>	<u>3,585,175</u>
Restricted funds					
The Scottish Investment Fund	5,218,372	190,545	(25,290)	1,516,194	6,889,821
Social Growth Fund	1,860,788	69,819	-	(936,140)	994,467
Social Growth Fund 2	5,302,452	81,051	-	(610,054)	4,773,449
	<u>12,381,612</u>	<u>341,415</u>	<u>(25,290)</u>	<u>(30,000)</u>	<u>12,667,737</u>
The Asda Bag Levy Fund	73,531	2,986	4,610	(47,317)	33,810
SIS Ventures Limited	608	233,253	(142,257)	(169,689)	(78,085)
Third Sector Resilience Fund	3,335,231	19,916	(6,458)	(45,000)	3,303,689
	<u>15,790,982</u>	<u>597,570</u>	<u>(169,395)</u>	<u>(292,006)</u>	<u>15,927,151</u>
Total reserves	<u>19,732,109</u> =====	<u>2,133,991</u> =====	<u>(2,353,774)</u> =====	<u>-</u> =====	<u>19,512,326</u> =====

A transfer of £169,689 has been made between SIS Ventures Limited and the General Fund at 31 March 2025. The transfer is necessary to correctly account for the management fees removed on consolidation.

A transfer of £47,317 has been made between the Asda Bag Levy Fund and the General fund at 31 March 2025. The transfer being the recycling of the funds and remaining levies now deemed as unrestricted in accordance with the conditions of the fund agreement.

A transfer of £30,000 has been made between the Scottish Investment Fund and the General Fund at 31 March 2025. This representing the management charges earned on managing the Third Sector Resilience Fund and Social Investment Fund being paid from the Scottish Investment Fund.

A transfer of £45,000 has been made between the Scottish Investment Fund and the Third Sector Resilience Fund at 31 March 2025. The transfer between funds is necessary to capitalise the Third Sector Resilience Fund and return recycled capital back to Scottish Investment Fund.

Transfers of £936,140 & £610,054 were made from Social Growth Fund & Social Growth Fund 2 respectively to the Scottish Investment Fund representing the repayment of capital from the joint ventures.

Social Investment Scotland
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Notes to the consolidated financial statements (continued)

15 Funds (continued)

Group – 2024

As restated	At 1 April 2023 £	Income £	Expenditure £	Transfers £	At 31 March 2024 £
Unrestricted funds					
General fund	1,714,365	1,850,618	(2,173,893)	356,012	1,747,102
Designated funds:					
Social Surplus Fund	20,410	-	(26,978)	39,640	33,072
Default reserve	900,000	-	-	-	900,000
Margin reserve	350,000	-	-	-	350,000
SIS Ventures strategic objectives	69,684	-	-	(69,684)	-
Impact and Innovation reserve	897,109	-	(90,436)	104,280	910,953
	<u>3,951,568</u>	<u>1,850,618</u>	<u>(2,291,307)</u>	<u>430,248</u>	<u>3,941,127</u>
Restricted funds					
The Scottish Investment Fund	6,906,458	74,708	(169,797)	(1,592,997)	5,218,372
Social Growth Fund	2,128,150	116,245	-	(383,607)	1,860,788
Social Growth Fund 2	3,435,199	-	(69,351)	1,936,604	5,302,452
	<u>12,469,807</u>	<u>190,953</u>	<u>(239,148)</u>	<u>(40,000)</u>	<u>12,381,612</u>
 The Asda Bag Levy Fund	 128,886	 6,794	 26,500	 (88,649)	 73,531
SIS Ventures Limited	-	353,267	(110,156)	(242,503)	608
Third Sector Resilience Fund	3,503,947	4,493	(114,113)	(59,096)	3,335,231
	<u>16,102,640</u>	<u>555,507</u>	<u>(436,917)</u>	<u>(430,248)</u>	<u>15,790,982</u>
 Total reserves	 <u>20,054,208</u>	 <u>2,406,125</u>	 <u>(2,728,224)</u>	 <u>-</u>	 <u>19,732,109</u>

A transfer of £242,503 has been made between SIS Ventures Limited and the General Fund at 31 March 2024. The transfer is necessary to correctly account for the management fees removed on consolidation.

A transfer of £88,649 has been made between the Asda Bag Levy Fund and the General fund at 31 March 2024. The transfer being the recycling of the funds and remaining levies now deemed as unrestricted in accordance with the conditions of the fund agreement.

A transfer of £40,000 has been made between the Scottish Investment Fund and the General Fund at 31 March 2024. This representing the management charges earned on managing the Third Sector Resilience Fund and Social Investment Fund being paid from the Scottish Investment Fund.

A transfer of £59,096 has been made between the Scottish Investment Fund and the Third Sector Resilience Fund at 31 March 2024. The transfer between funds is necessary to capitalise the Third Sector Resilience Fund and return recycled capital back to Scottish Investment Fund.

A transfer of £1,936,604 was made from the Scottish Investment Fund to Social Growth Fund 2 to represent the additional capital invested in Social Growth Fund 2.

A transfer of £383,607 was made from the Social Growth Fund to the Scottish Investment Fund to represent the repayment of capital from the Social Growth Fund.

Notes to the consolidated financial statements (continued)

15 Funds (continued)

Company - 2025	At 1 April 2024 £	Income £	Expenditure £	Transfers £	At 31 March 2025 £
Unrestricted funds					
General fund	1,721,002	1,553,463	(2,025,619)	43,250	1,292,096
Designated funds:					
Social Surplus Fund	33,072	-	(11,417)	1,245	22,900
Default reserve	900,000	-	-	-	900,000
Margin reserve	350,000	-	-	-	350,000
Impact and Innovation reserves	910,953	-	(91,667)	77,822	897,108
	<u>3,915,027</u>	<u>1,553,463</u>	<u>(2,128,703)</u>	<u>122,317</u>	<u>3,462,104</u>
Restricted funds					
The Scottish Investment Fund	5,218,372	190,545	(25,290)	1,516,194	6,899,821
Social Growth Fund	1,860,787	69,819		(936,140)	994,466
Social Growth Fund 2	5,302,451	81,051		(610,054)	4,773,448
	<u>12,381,610</u>	<u>341,415</u>	<u>(25,290)</u>	<u>(30,000)</u>	<u>12,667,735</u>
The Asda Bag Levy Fund	73,338	2,986	4,610	(47,317)	33,617
Third Sector Resilience Fund	3,335,231	19,916	(6,458)	(45,000)	3,303,689
	<u>15,790,179</u>	<u>364,317</u>	<u>(27,138)</u>	<u>(122,317)</u>	<u>16,005,041</u>
Total reserves	<u>19,705,206</u> =====	<u>1,917,780</u> =====	<u>(2,155,841)</u> =====	<u>-</u> =====	<u>19,467,145</u> =====

A transfer of £47,317 has been made between the Asda Bag Levy Fund and the General fund at 31 March 2025. The transfer being the recycling of the funds and remaining levies now deemed as unrestricted in accordance with the conditions of the fund agreement.

A transfer of £45,000 has been made between the Scottish Investment Fund and the Third Sector Resilience Fund at 31 March 2025. The transfer between funds is necessary to capitalise the Third Sector Resilience Fund and return recycled capital back to Scottish Investment Fund.

A transfer of £30,000 has been made between the Scottish Investment Fund and the General Fund. This representing the management charges earned on managing the Third Sector Resilience Fund being paid from the Scottish Investment Fund.

Transfers of £936,140 & £610,054 were made from Social Growth Fund & Social Growth Fund 2 respectively to the Scottish Investment Fund representing the repayment of capital from the joint ventures.

Notes to the consolidated financial statements (continued)

15 Funds (continued)

Company – 2024

As restated

	At 1 April 2023 £	Income £	Expenditure £	Transfers £	At 31 March 2024 £
Unrestricted funds					
General fund	1,688,265	2,012,408	(2,093,180)	113,509	1,721,002
Designated funds:					
Social Surplus Fund	20,410	-	(26,978)	39,640	33,072
Default reserve	900,000	-	-	-	900,000
Margin reserve	350,000	-	-	-	350,000
SIS Ventures Strategic Operations	69,684	-	-	(69,684)	-
Impact and Innovation reserves	897,109	-	(90,436)	104,280	910,953
	<u>3,925,468</u>	<u>2,012,408</u>	<u>(2,210,594)</u>	<u>187,745</u>	<u>3,915,027</u>
Restricted funds					
The Scottish Investment Fund	6,906,447	74,709	(169,797)	(1,592,997)	5,218,372
Social Growth Fund	2,128,159	116,245	-	(383,617)	1,860,787
Social Growth Fund 2	3,435,198	-	(69,351)	1,936,604	5,302,451
	<u>12,469,804</u>	<u>190,954</u>	<u>(239,148)</u>	<u>(40,000)</u>	<u>12,381,610</u>
The Asda Bag Levy Fund	128,693	6,794	26,500	(88,649)	73,338
Third Sector Resilience Fund	3,503,947	4,493	(114,113)	(59,096)	3,335,231
	<u>16,102,444</u>	<u>202,241</u>	<u>(326,761)</u>	<u>(187,745)</u>	<u>15,790,179</u>
Total reserves	<u>20,027,912</u> =====	<u>2,214,649</u> =====	<u>(2,537,355)</u> =====	<u>-</u> =====	<u>19,705,206</u> =====

A transfer of £88,649 has been made between the Asda Bag Levy Fund and the General fund at 31 March 2024. The transfer being the recycling of the funds and remaining levies now deemed as unrestricted in accordance with the conditions of the fund agreement.

A transfer of £59,096 has been made between the Scottish Investment Fund and the Third Sector Resilience Fund at 31 March 2024. The transfer between funds is necessary to capitalise the Third Sector Resilience Fund and return recycled capital back to Scottish Investment Fund.

A transfer of £40,000 has been made between the Scottish Investment Fund and the General Fund at 31 March 2024. This representing the management charges earned on managing the Third Sector Resilience Fund and Social Investment Fund being paid from the Scottish Investment Fund.

A transfer of £1,936,604 was made from the Scottish Investment Fund to Social Growth Fund 2 to represent the additional capital invested in Social Growth Fund 2.

A transfer of £383,607 was made from the Social Growth Fund to the Scottish Investment Fund to represent the repayment of capital from the Social Growth Fund.

Notes to the consolidated financial statements (continued)

15 Funds (continued)

Designated funds

Social Investment Scotland has the following designated funds at the year end:

Default reserve - £900k and reviewed quarterly.

Margin reserve - £350k and reviewed quarterly.

Designated funds (continued)

Social Surplus fund - £22,900

Impact and Innovation reserve - £897,108

The default and margin reserves are held to safeguard the future core lending activities of the Group. These funds are used to absorb bad and doubtful debts on the core CITR book and provide a margin cover in the event of loss of profitability in the SIS CF loan book.

Contributions to the social surplus fund will be made on an annual basis, in line with the finalisation of consolidated group financial statements. Subject to the final ratification of the SIS Board, contributions to the fund will be calculated at 25% of any annual surplus reported over and above £50,000, the surplus being derived from the group unrestricted funds. Funds will be designated to the surplus fund but will remain unrestricted for accounting purposes. In any financial year the board shall not be compelled to make an allocation to the fund and will always retain the right of veto on any designation of funds. During the year, £1,245 was allocated to the fund.

During the year to 31 March 2024, the Board of Trustees designated £1m of general reserves as the Impact and Innovation reserve to the pursuit of the 2030 strategy - Building and Impact Economy. Spend from this reserve is approved by the Board annual in advance as part of the budgeting process. Following the approval by the SIS Board of the annual audited financial statements, a decision will be made on further allocations from unrestricted surpluses for the year. During the year, £nil (2024 as restated: £77,822) was allocated to the fund.

Restricted funds

The Scottish Investment Fund was set up in 2008 to provide third sector organisations a broad range of financial support including loans, risk capital funding and non-repayable (grant) investments. The Scottish Government subscribed a total of £31,800,000 to the fund in the four-year period to 31 March 2012.

The Social Growth Fund was set up in 2014 for the purpose of providing debt finance to third sector organisations in Scotland, including term loans and patient capital products. This fund is now fully deployed and is in the monitoring phase. This fund is part of the Scottish Investment Fund.

The Social Growth Fund 2 was launched in May 2019. Building on the original partnership with Better Society Capital and the Scottish Government, Social Growth Fund 2 was launched with the addition of the University of Edinburgh as an investor, making £13m of capital available to Scotland's social enterprise sector, generating great opportunity to connect more capital with communities and contribute to inclusive growth for Scotland. The funds deployment period ended in April 2024. This fund is part of the Scottish Investment Fund.

The Asda Bag Levy Fund was created in 2015 and was capitalised through a partnership with Asda Stores Limited. The final capital was received in the year to 31 March 2018 and the capital has been fully deployed in the year to 31 March 2019. The fund is designed to support early stage social enterprises looking to access social investment for the first time. Using money raised through the carrier bag levy, the fund has supported social enterprises to make the step change needed to

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increase their social impact and/or financial sustainability. The monies received have also supported the delivery of the social enterprise development academy. The academy is an innovative programme of investment and business support for consumer facing social enterprises.

SIS Ventures Limited was formed in 2018 to launch a fund backed by both Social Investment Tax Relief (SITR) and Enterprise Investment Scheme (EIS). The fund is capitalised with monies from private investors and SIS Ventures Limited is an FCA authorised entity. The fund provides both equity investment and loan finance to mission-driven businesses.

The Third Sector Resilience Fund was launched in March 2020. The restricted loan fund, using up to £5m of capital recycling from the proceeds of the Scottish Government Scottish Investment Fund, created a 0% interest loan fund to provide emergency working capital as a result of the pandemic. The fund sat alongside the grant capital provided by the Scottish Government, managed by Firstport and the Corra Foundation.

16 Analysis of net assets between funds

Group - 2025	Tangible fixed assets £	Net current assets £	Long term liabilities £	Total £
Unrestricted funds	52,865	3,532,210	-	3,585,175
Restricted funds				
The Scottish Investment Fund	1	6,899,823	-	6,899,824
Social Growth Fun	994,467			994,467
Social Growth Fund 2	4,773,449			4,773,449
The Asda Bag Levy Fund	-	33,810	-	33,810
SIS Ventures Limited	-	(78,085)	-	(78,085)
Third Sector Resilience Fund	-	3,303,689	-	3,303,689
	<u>5,820,779</u>	<u>13,691,547</u>	<u>-</u>	<u>19,512,326</u>
	=====	=====	=====	=====
Company - 2025	Tangible fixed assets and investments £	Net current assets £	Long term liabilities £	Total £
Unrestricted funds	52,863	3,409,241	-	3,462,104
Restricted funds				
The Scottish Investment Fund	2,435,106	4,464,715	-	6,899,821
Social Growth Fund	994,466	-	-	994,466
Social Growth Fund 2	4,773,448	-	-	4,773,448
The Asda Bag Levy Fund	-	33,617	-	33,617
Third Sector Resilience Fund	-	3,303,689	-	3,303,689
	<u>8,255,883</u>	<u>11,211,262</u>	<u>-</u>	<u>19,467,145</u>
	=====	=====	=====	=====

Notes to the consolidated financial statements (continued)

16 Analysis of net assets between funds (continued)

Group – 2024 As restated	Tangible fixed assets £	Net current assets £	Long term liabilities £	Total £
Unrestricted funds	79,032	6,612,095	(2,750,000)	3,941,127
Restricted funds				
The Scottish Investment Fund	-	5,218,372	-	5,218,372
Social Growth Fund	1,860,788	-	-	1,860,788
Social Growth Fund 2	5,302,452	-	-	5,302,452
The Asda Bag Levy Fund	-	73,531	-	73,531
SIS Ventures Limited	-	608	-	608
Third Sector Resilience Fund	-	3,335,231	-	3,335,231
	<u>7,242,272</u>	<u>15,239,837</u>	<u>(2,750,000)</u>	<u>19,732,109</u>
	=====	=====	=====	=====
Company - 2024	Tangible fixed assets and investments £	Net current assets £	Long term liabilities £	Total £
Unrestricted funds	79,032	3,835,995	-	3,915,027
Restricted funds				
The Scottish Investment Fund	2,375,006	2,843,366	-	5,218,372
Social Growth Fund	1,860,787	-	-	1,860,787
Social Growth Fund 2	5,302,451	-	-	5,302,451
The Asda Bag Levy Fund	-	73,338	-	73,338
Third Sector Resilience Fund	-	3,335,231	-	3,335,231
	<u>9,617,276</u>	<u>10,087,930</u>	<u>-</u>	<u>19,705,206</u>
	=====	=====	=====	=====

Notes to the consolidated financial statements (continued)

17 Reconciliation of net income to net cash from operating activities

	2025		2024	
	Group	Company	Group	Company
	£	£	As restated £	As restated £
Net (expenditure) for the reporting period(as per the statement of financial activities)	(219,783)	(238,061)	(322,099)	(322,706)
Adjustments for:				
Depreciation charges	31,078	31,078	33,663	33,663
Investment income	(192,161)	(176,503)	(102,312)	(95,079)
Share of profits from joint ventures	(150,869)	(150,869)	(46,894)	(46,894)
Increase in debtors	225,314	1,056,594	856,428	1,478,731
Increase in creditors	(445,252)	(496,071)	391,525	394,862
Net cash (used in) provided by operating activities	(751,673)	26,168	810,311	1,442,577
	=====	=====	=====	=====

18 Ultimate controlling party

In the opinion of the trustees, the parent charitable company has no ultimate controlling party.

19 Other professional services provided by the auditor

In common with many other entities of our size and nature we use our auditor to prepare and submit returns to the tax authorities, and assist with the preparation of the financial statements.

20 Related party transactions

A Young (former director of SIS Ventures Limited, until 4 June 2024) invested £15,000 in Impact First Nominees Limited during the year ended 31 March 2019, and has £14,061 (2024: £14,278) owed to them as at the year end.

A family member of M McNeill (former director of SIS Ventures Limited, until 17 May 2024, and Impact First Nominees Limited, until 1 June 2024) invested £30,000 in Impact First Nominees Limited during the year ended 31 March 2019, and has £28,122 (2024: £28,552) owed to them as at the year end.

Social Investment Scotland charged a management charge of £189,550 (2024: £171,245) to SIS (Community Finance) Limited, one of its subsidiaries, in the year. SIS (Community Finance) Limited gift aided £nil (2024: £nil) to Social Investment Scotland in the year. There is a balance of £2,250,478 (2024: £2,203,760) due at the year end from SIS (Community Finance) Limited. These transactions have been removed on consolidation.

Social Investment Scotland charged a management charge of £169,689 (2024: £242,111) to SIS Ventures Limited, one of its subsidiaries, in the year. There is a balance of £2,555 (2024: £129,359) due at the year end from SIS Ventures Limited. These transactions have been removed on consolidation.

Social Investment Scotland charged a management charge of £65,000 (2024: £103,163) to Community Investment Facility Limited, one of its subsidiaries, in the year. At the year-end, there is a balance of £nil owed to (2024: £75,000 due from) Community Investment Facility Limited.

Social Investment Scotland charged a management charge of £120,000 (2024: £158,333) to Community Investment Facility 2 Limited, one of its subsidiaries, in the year. At the year-end, there is a balance of £nil (2024: £nil) from Community Investment Facility 2 Limited.

Notes to the consolidated financial statements (continued)

20 Related party transactions (continued)

All investments made into SIS Community Capital Limited, Impact First Nominees Limited, Community Investment Facility Limited, Community Investment Facility 2 Limited and Impact Ventures Scotland Limited are recognised on a nominee basis and so do not appear within the balance sheet of the companies or group. Under the Charities SORP & FRS102 Section 33, it is a requirement that amounts invested by the directors (both current and prior year directors) are disclosed as related parties and as such these have been set out above.

Social Investment Scotland charged a management charge of £58,353 (2024: £69,201) to Social Growth Fund LLP, one of the entities it jointly controls, in the year. Repayments of investments of £882,690 (2024: £ 383,607) were received by SIS in the year. At year end, there is a balance of £34 (2024: £nil) due from Social Growth Fund LLP.

Social Investment Scotland charged a management charge of £188,899 (2024: £380,000) to Social Growth Fund 2 LLP, one of the entities it joint controls, in the year. Repayments of investments of £610,054 (2024: £nil) were received by SIS in the year. No money was invested in Social Growth Fund 2 LLP in the year (2024: £1,937,962). At year end, there is a balance of £nil (2024: £15) due from Social Growth Fund 2 LLP.

21 Balances in respect of fund management activities

The charity acts as agent with respect to seven fund management activities. The following assets, liabilities, income and expenditure are not recognised within the financial statements on the basis that the charity is administering these funds as an agent to other entities.

	2025	2024
	£	£
Carnegie Affordable Credit Loan Fund		
Loans under management (including provisions for bad debts)	1,100,000	1,100,000
Cash at bank and in hand	16,565	520,689
Amounts due (to)/from Social Investment Scotland	(17,174)	(26,049)
	<hr/>	<hr/>
Net funds under management	1,099,391	1,594,640
	=====	=====
Interest on loans under management	40,000	44,507
Provision for bad debts	-	(150,000)
Investor returns	(494,640)	(9,756)
Management fees	(41,250)	(57,292)
Legal fees	-	(232)
Bank charges	-	218
Drawdowns paid/(received)	-	(5,000)
Bank interest	641	715
	<hr/>	<hr/>
Net income/(expenditure) in year	(495,249)	(176,840)
	=====	=====

Notes to the consolidated financial statements (continued)

21 Balances in respect of fund management activities (continued)

	2025	2024
	£	£
Social Impact Accelerator Fund		
Loans under management (including provisions for bad debts)	-	400,000
Cash at bank and in hand	-	10,978
	<hr/>	<hr/>
Net funds under management	-	410,978
	=====	=====
Interest on loans under management	10,082	40,103
Provision for bad debts	-	6,000
Investor returns	(421,060)	(365,764)
Funds received	-	-
	<hr/>	<hr/>
Net income/(expenditure) in year	-	(319,661)
	=====	=====
 Community Sustainability Fund (Formerly Credit Union Resilience Fund)		
Loans under management (including provisions for bad debts)	4,125,000	2,660,000
Cash at bank and in hand	308,827	947,959
Amounts due from Social Investment Scotland	(420,618)	977,532
	<hr/>	<hr/>
Net funds under management	4,013,209	4,585,491
	=====	=====
Interest on loans under management	88,571	38,852
Management fee	(88,125)	(112,500)
Provision for bad debts	-	37,500
Investor returns	(593,620)	-
Bank interest	20,892	5,471
	<hr/>	<hr/>
Net income/(expenditure) in year	(572,282)	(30,677)
	=====	=====

Notes to the consolidated financial statements (continued)

21 Balances in respect of fund management activities (continued)

	2025 £	2024 £
Net Zero Transition Fund		
Loans under management (including provisions for bad debts)	891,352	970,181
Cash at bank and in hand	1,428,285	2,763,015
Amounts due (to)/from Social Investment Scotland	395,549	(1,031,217)
	<u> </u>	<u> </u>
Net funds under management	2,715,186	2,701,979
	=====	=====
 Interest on loans under management	 28,942	 29,949
Management fee	(71,414)	(156,250)
Provision for bad debts	23,073	(23,073)
Transfer to Recovery and Resilience Fund	-	(1,000,000)
Lending fees	-	100
Bank interest	32,606	7,294
	<u> </u>	<u> </u>
Net income/(expenditure) in year	13,207	(1,141,980)
	=====	=====
 Recovery and Resilience Fund		
Loans under management (including provisions for bad debts)	6,342,931	5,475,105
Cash at bank and in hand	150,361	908,381
Amounts due (to)/from Social Investment Scotland	(36,713)	(31,239)
	<u> </u>	<u> </u>
Net funds under management	6,456,579	6,352,247
	=====	=====
 Interest on loans under management	 195,881	 160,232
Arrangement fees	300	-
Management fee	(130,448)	(156,250)
Provision for bad debts	38,614	(490,522)
Transfer from Net Zero Transition Fund	-	1,000,000
Bank charges	(15)	-
	<u> </u>	<u> </u>
Net income/(expenditure) in year	104,332	513,460
	=====	=====

Notes to the consolidated financial statements (continued)

21 Balances in respect of fund management activities (continued)

	2025 £	2024 £
Just Transition Fund		
Loans under management (including provisions for bad debts)	779,162	772,421
Cash at bank and in hand	351,100	518,880
Amounts due (to)/from Social Investment Scotland	(4,692)	(1,479)
	<u>1,125,570</u>	<u>1,289,822</u>
	=====	=====
Interest on loans under management	27,700	10,617
Funds received	-	2,000,000
Management fee	(16,003)	(40,054)
Grants awarded	-	(779,557)
Bank interest	271	3,647
Investor returns	(176,220)	(862,830)
	<u>(164,252)</u>	<u>331,823</u>
	=====	=====
Blended Finance Fund		
Cash at bank and in hand	-	549,995
Amounts due from Social Investment Scotland	-	10
	<u>-</u>	<u>550,005</u>
	=====	=====
Funds received	-	235,755
Grants awarded	(550,005)	(843,580)
	<u>(550,005)</u>	<u>(607,825)</u>
	=====	=====

22 Guarantee

The members of the parent charitable company have agreed to contribute £1 each to the assets of the parent charitable company in the event of it being wound up.

23 Post balance sheet event

The group has £2,000,000 of 1% subordinated unsecured loan stock with was repayable in April 2025. Following discussion with the providers of the loan financing, this was extended post year-end to April 2030.

Notes to the consolidated financial statements (continued)

24 Prior period adjustment

Notes to reconciliation

Previously Social Growth Fund LLP (SGF) and Social Growth Fund 2 LLP (SGF 2) had been fully consolidated into the Social Investment Scotland group accounts. The Trustees identified that due to the nature of the LLP agreements in place, SIS did not have control over the operations of either LLP, and should therefore should not be consolidated and should be treated as joint ventures. Therefore, the prior period has been adjusted to treat SGF and SGF 2 as joint ventures with SIS recognising their share of results rather than consolidating the full results of the LLPs. This resulted in an increase in group net assets of £2,355k at 31 March 2024 compared to the previously reported position, and a reduction to parent charitable company net assets of £924k. Further information on the constituent parts of these movements is present throughout Note 24, at the bottom of each adjusted primary statement.

Changes to the statement of financial activities (group)

	As previously reported at 31 March 2024	Adjustment	As restated at 31 March 2024
	£	£	£
Income			
Charitable activities (unrestricted)	1,391,252	449,201	1,840,453
Charitable activities (restricted)	1,215,194	(798,728)	416,466
Investments (unrestricted)	10,165	-	10,165
Investments (restricted)	95,040	(2,893)	92,147
Share of profits & losses of joint ventures (restricted)	-	46,894	46,894
Total income	<u>2,711,651</u> =====	<u>(305,526)</u> =====	<u>2,406,125</u> =====
Expenditure			
Charitable activities (unrestricted)	(2,291,307)	-	(2,291,307)
Charitable activities (restricted)	(707,109)	270,192	(436,917)
Total expenditure	<u>(2,998,416)</u> =====	<u>270,192</u> =====	<u>(2,728,224)</u> =====
Transfers			
Transfers between funds (unrestricted)	879,449	(449,201)	430,248
Transfers between funds (restricted)	(879,449)	449,201	(430,248)
Total transfers	<u>-</u> =====	<u>-</u> =====	<u>-</u> =====

Reconciliation of changes in net income/(expenditure) for the previous financial period

	2024 £
Total adjustments	(35,334)
Net income/(expenditure) as reported	(286,765)
Net income/(expenditure) as adjusted	<u>(322,099)</u> =====

Adjustment to SOFA

The adjustment to income relates to SGF and SGF 2 no longer being consolidated, and therefore the restricted income from these entities is removed. Management fees paid to Social Investment Scotland by SGF and SGF 2 previously eliminated on consolidation are now included in income for the year. This has

Notes to the consolidated financial statements (continued)

24 Prior period adjustment (continued)

increased the unrestricted income recognised in the group accounts. Share of profits and losses of joint ventures are now included in restricted income in the group accounts.

The adjustment to expenditure relates to SGF and SGF 2 no longer being consolidated, and therefore the expenditure from these entities removed.

Changes to the balance sheet (group)	As previously reported at 31 March 2024	Adjustment at 1 April 2023	Adjustment at 31 March 2024	As restated at 31 March 2024
	£	£	£	£
Fixed Assets				
Tangible assets	79,032	-	-	79,032
Investments	-	5,563,349	1,599,891	7,163,240
Total fixed assets	<u>79,032</u> =====	<u>5,563,349</u> =====	<u>1,599,891</u> =====	<u>7,242,272</u> =====
Current assets				
Debtors – due within one year	4,890,916	(677,993)	(1,796,418)	2,416,505
Debtors – due after one year	12,461,782	(7,742,652)	(1,448,110)	3,271,020
Cash at bank and in hand	14,048,922	(3,373,493)	(301,305)	10,374,124
Total current assets	<u>31,401,620</u> =====	<u>(11,794,138)</u> =====	<u>(3,545,833)</u> =====	<u>16,061,649</u> =====
Creditors				
Amounts falling due within one year	(3,153,987)	381,307	1,950,868	(821,812)
Amounts falling due after more than one year	(10,950,111)	8,240,371	(40,260)	(2,750,000)
Total creditors	<u>(14,104,098)</u> =====	<u>8,621,678</u> =====	<u>1,910,608</u> =====	<u>(3,571,812)</u> =====
Net assets	<u>17,376,554</u> =====	<u>2,390,889</u> =====	<u>(35,334)</u> =====	<u>19,732,109</u> =====
Reserves				
Restricted funds	13,435,427	2,390,889	(35,334)	15,790,982
Unrestricted funds	3,941,127	-	-	3,941,127
	<u>17,376,554</u> =====	<u>2,390,889</u> =====	<u>(35,334)</u> =====	<u>19,732,109</u> =====

Adjustment to balance sheet

The investments in SGF and SGF 2 were not previously recognised in the consolidated balance sheet as the investments were eliminated on consolidation. The investments in SGF and SGF2 are now recognised in investments.

Current assets have decreased as balances relating to SGF and SGF 2 are no longer consolidated.

Creditors have decreased as balances relating to SGF and SGF 2 are no longer consolidated.

Reserves have been impacted as balances relating to SGF and SGF 2 are no longer consolidated.

Adjustment to 2023

The results as at 1 April 2023 have also been impacted by the restatement above, resulting in a movement in reserves of £2,390,889. Consequently, the balances brought forward to 2024 have increased by this amount.

Notes to the consolidated financial statements (continued)

24 Prior period adjustment (continued)

Changes to the statement of cash flows (group)

	As previously reported at 31 March 2024 £	Adjustment at 31 March 2024	As restated at 31 March 2024 £
Cash flows from operating activities:			
Net income/(Expenditure)	(286,765)	(35,334)	(322,099)
Depreciation	33,663	-	33,363
Investment Income	(105,205)	2,893	(102,312)
Joint venture income	-	(46,894)	(46,894)
Increase in debtors	(2,389,052)	3,245,480	856,428
Increase in creditors	424,784	(33,259)	391,525
	<u>(2,322,575)</u>	<u>3,132,886</u>	<u>810,311</u>
	=====	=====	=====
Cash flows from investing activities			
Investment income	105,205	(2,893)	102,312
Purchase of tangible fixed assets	(17,480)	-	(17,480)
Investment in joint ventures	-	(1,937,916)	(1,937,916)
Repayment of capital from joint ventures	-	383,967	383,967
	<u>87,725</u>	<u>(1,556,842)</u>	<u>(1,469,117)</u>
	=====	=====	=====
Cash flows from financing activities			
Cash inflows from investors	1,887,349	(1,877,349)	-
	<u>87,725</u>	<u>(1,556,842)</u>	<u>(1,469,117)</u>
	=====	=====	=====
Change in cash and cash equivalents	<u>(357,501)</u>	<u>(301,305)</u>	<u>(658,806)</u>
	=====	=====	=====
Cash and cash equivalents at 1 April 2023	14,406,423	(3,373,493)	11,032,930
	=====	=====	=====
Cash and cash equivalents at 31 March 2024	14,048,922	(3,674,798)	10,374,124
	=====	=====	=====

Adjustment to statement of cash flows

The statement of cash flows has been adjusted to remove the bank balances and impact of SGF and SGF 2 on the consolidated position.

Notes to the consolidated financial statements (continued)

24 Prior period adjustment (continued)

Changes to the statement of financial activities (Parent Charitable Company)

	As previously reported at 31 March 2024	Adjustment	As restated at 31 March 2024
	£	£	£
Income			
Charitable activities (unrestricted)	2,009,476	-	2,009,479
Charitable activities (restricted)	63,200	-	63,200
Investments (unrestricted)	2,932	-	2,932
Investments (restricted)	92,147	-	92,147
Share of profits & losses of joint ventures (restricted)	-	46,894	46,894
Total income	<u>2,167,755</u> =====	<u>46,894</u> =====	<u>2,214,649</u> =====
Expenditure			
Charitable activities (unrestricted)	(2,210,594)	-	(2,210,594)
Charitable activities (restricted)	(209,794)	(116,967)	(326,761)
Total expenditure	<u>(2,420,388)</u> =====	<u>(116,967)</u> =====	<u>(2,537,355)</u> =====
Transfers			
Transfers between funds (unrestricted)	187,745	-	187,745
Transfers between funds (restricted)	(187,745)	-	(187,745)
Total transfers	<u>-</u> =====	<u>-</u> =====	<u>-</u> =====

Reconciliation of changes in net income/(expenditure) for the previous financial period

	2024 £
Total adjustments	(70,073)
Net income/expenditure as reported	(252,633)
Net income/expenditure as adjusted	<u>(322,706)</u> =====

Adjustment to SOFA

The adjustment to income relates to the inclusion of SIS's share of the net income or expenditure of the joint ventures – being 50% and 46% of SGF and SGF 2 respectively.

Further, there was a reduction to impairment of the investment in the subsidiaries processed in the prior period – accounting for SGF & SGF 2 as joint ventures required the reduction to be reversed and thus increased expenditure.

Notes to the consolidated financial statements (continued)

24 Prior period adjustment (continued)

Changes to the balance sheet (Parent charitable company)	As previously reported at 31 March 2024	Adjustment at 1 April 2023	Adjustment at 31 March 2024	As restated at 31 March 2024
	£	£	£	£
Fixed Assets				
Tangible assets	79,032	-	-	79,032
Investments	10,462,579	(854,262)	(70,073)	9,538,244
Total fixed assets	<u>10,541,611</u>	<u>(854,262)</u>	<u>(70,073)</u>	<u>9,617,276</u>
	=====	=====	=====	=====
Current assets				
Debtors – due within one year	1,520,335	-	-	1,520,335
Debtors – due after one year	1,135,685	-	-	1,135,685
Cash at bank and in hand	8,247,820	-	-	8,247,820
Total current assets	<u>10,903,840</u>	<u>-</u>	<u>-</u>	<u>10,903,840</u>
	=====	=====	=====	=====
Creditors				
Amounts falling due within one year	(815,910)	-	-	(815,910)
Total creditors	<u>(815,910)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	=====	=====	=====	=====
Net assets	<u>20,629,541</u>	<u>(854,262)</u>	<u>(70,073)</u>	<u>19,705,206</u>
	=====	=====	=====	=====
Reserves				
Restricted funds	16,714,514	(854,262)	(70,073)	15,790,179
Unrestricted funds	9,315,027	-	-	9,315,027
	<u>20,629,541</u>	<u>(854,262)</u>	<u>(70,073)</u>	<u>19,705,206</u>
	=====	=====	=====	=====

Adjustment to balance sheet

The only change to the balance sheet relates to accounting for SGF and SGF 2 as joint ventures rather than wholly owned subsidiaries. This required SIS to revalue the investments held to consider the cost of investment, less any capital repaid by the joint ventures and any accumulated profits or losses. The reduction in the value of investments is due to these considerations.

Notes to the consolidated financial statements (continued)

24 Prior period adjustment (continued)

Changes to the statement of cash flows (group)

	As previously reported at 31 March 2024	Adjustment at 31 March 2024	As restated at 31 March 2024
	£	£	£
Cash flows from operating activities:			
Net income/(Expenditure)	(252,633)	(70,073)	(322,706)
Depreciation	33,663	-	33,663
Investment Income	(95,079)	-	(95,079)
Loan impairment	(116,967)	116,967	-
JV income	-	(46,894)	(46,894)
Increase in debtors	1,478,731	-	1,478,731
Increase in creditors	394,862	-	394,862
	<u>1,442,577</u>	<u>-</u>	<u>1,442,577</u>
	=====	=====	=====
Cash flows from investing activities			
Investment income	95,079	-	95,079
Purchase of tangible fixed assets	(17,480)	-	(17,480)
Investment in subsidiary	(50,001)	-	(50,001)
Movement in shareholders loans	(1,554,355)	1,554,355	-
Investment in joint ventures	-	(1,937,916)	(1,937,916)
Repayment of capital from joint ventures	-	383,561	383,561
	<u>(1,526,757)</u>	<u>-</u>	<u>(1,526,757)</u>
	=====	=====	=====
Change in cash and cash equivalents	(84,180)	-	(84,180)
Cash and cash equivalents at 1 April 2023	8,332,000	-	8,332,000
Cash and cash equivalents at 31 March 2024	8,247,820	-	8,247,820
	=====	=====	=====

Adjustment to statement of cash flows

The statement of cash flows has been adjusted to remove the bank balances and impact of SGF and SGF 2 on the consolidated position.