

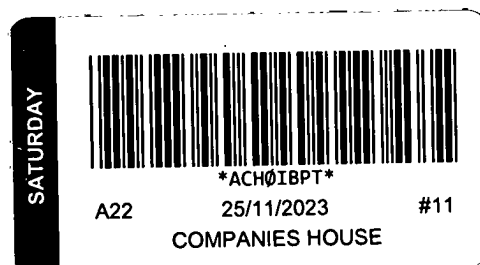
Company number: 07242976

Charity number: 1136151

Social Business Trust

Report and Financial Statements

For the year ended 31 May 2023



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Social Business Trust

Reference and administrative details

For the year ended 31 May 2023

Company number	07242976 – incorporated in the United Kingdom	
Charity number	1136151 – registered in England and Wales	
Registered office	Invicta House 108–114 Golden Lane London EC1Y 0TL	
Operational address	Room S9/10, 2 nd Floor, West Wing Somerset House London WC2R 1LA	
Trustees	Trustees, who are also directors under company law, who served during the year and up to the date of this report were as follows:	
	Larissa Joy	Chair
	Paul Armstrong	Secretary and Vice Chair
	Michael Crossan	
	Guy Davies	
	Anne Drakeford	appointed September 2022
	Jan Coos Geesink	
	James Hadley	
	Madeleine Hale	
	Simon Milton	
	Harry Nicholson	
	Kim Rihal	
Key management personnel	Joanne Hay	Chief Executive
	Jennifer Coles	
	Alex McAleavy	
	Greg Medlock	
	Bill Snaddon	
Bankers	Royal Bank of Scotland	
Solicitors	Russell Cooke Solicitors 2 Putney Hill, London, SW15 6AB	
Auditor	Sayer Vincent LLP Chartered Accountants and Statutory Auditor Invicta House 108–114 Golden Lane London EC1Y 0TL	

CHAIR'S REPORT

Social Business Trust continues to go from strength to strength. The year under review has been a record year in terms of the number of volunteers deployed, the level of their commitment, the cash grants to our social enterprises and the engagement of SBT's partners. Over £6 million of in-kind and cash grant support has been drawn down from our partners for the benefit of the portfolio to support the delivery of ambitious goals. Tracking these, and other, metrics is an important part of challenging ourselves to have a greater impact year on year.

With inflation increases and rising living costs affecting so many across the UK, coming so hot on the heels of the impact of Covid 19, the social enterprise model has shown itself to be uniquely adapted to withstand significant shocks and shifts. SBT believes that helping social enterprises to scale and thrive is crucial to addressing society's most pressing issues. SBT is privileged to serve a strong portfolio of social enterprises who make it their mission and daily work to make a positive impact on the lives of their beneficiaries. The work of our portfolio in supporting their beneficiaries has never been more vital.

We are extraordinarily fortunate to have such a committed, positive and supportive group of partners in Bain & Company, Clifford Chance, EY, Permira, Permira Credit, Refinitiv an LSEG company, Schroders and Thompson Reuters. We are delighted to welcome the Financial Times Group into the fold this year, both as a partner and a member of our investment Committee and we look forward to developing this relationship into the future. Particular thanks go to Permira whose sustained commitment to the Digital Fund – now in its 2nd year – has been of great value to the portfolio in helping them adapt their digital capabilities swiftly and with insight through match funding and a tailored package of support. I would like to thank all our partners and all their volunteers who lend their professional skills to SBT and its portfolio – in particular the senior representatives from each organisation who make up the SBT Investment Committee – for their energy and commitment this year.

This year also marks the first full year of a leadership team under CEO Dr Joanne Hay. Under Joanne's leadership, SBT has seen renewed commitment to delivering the key elements of SBT's 2022 to 2027 strategy, with a sharp focus on growth. Particular highlights include the development of cross-Partner advisory boards (Diversity and Inclusion; Sales and Marketing; Digital; Strategic Finance; People and HR) that garner the collective wisdom of our senior volunteers and deploy their advice across our social enterprises on a broad range of topics. Joanne has developed and nurtured a small, strong and talented team at the heart of SBT who share the organisation's mission to helping social enterprises to grow their impact.

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

Social Business Trust

Report of the trustees – Chair's Report

For the year ended 31 May 2023

SBT will continue to tackle social inequity by helping to leverage the power of social enterprises and charities that play a crucial role in society. In future years we will build on our track record as SBT plans to continue to grow and deepen the support we provide to our portfolio, and with a sustained focus on education, employment and health and wellbeing. We look forward to being able to help our current social enterprises and potential new entrants into our portfolio in the coming year to increase their impact, resilience and outcomes for their own beneficiaries.

In time of unprecedented change, the opportunity for the social sector and business to be in a productive dialogue and to join arms to tackle some of society's most intractable problems has never been greater.

Larissa Joy OBE
Chair

CEO'S REPORT

SBT works with ambitious charities and social enterprises building a more equitable society. We support them for the long-term to be sustainable, grow and serve many more people. By combining business knowledge and grant funding together with charity know how, we are helping to create lasting and positive change.

Over the past year SBT has supported 21 social enterprises. Together, they are helping thousands of people succeed in education and employment and to lead healthy lives. We have seen first-hand how their leadership teams are wrestling, adapting and reinventing their organisations to meet growing demands. This has informed our commitment to significantly deepen the support we provide.

Reflecting this ambition to do more, we have had a record year of direct contribution to our social enterprises of both in-kind and cash support. Over 400 highly skilled people shared professional knowledge and skills, an increase of 40% on the previous year. Together with cash grants this totalled £6 million compared with £3.7 million in FY22.

Five social enterprises received over £500k support in FY23 compared with two in FY22. New initiatives such as our five Advisory Boards, supporting on Digital, Sales and Marketing, Strategic Finance, People and HR and Equity, Diversity and Inclusion, have unlocked invaluable expertise. Similarly, masterclasses and professional development opportunities for social sector leaders are all driving impact across the Portfolio. A survey of Portfolio CEOs showed that over 90% believe 'SBT's support has helped increase their organisation's impact'.

Since launching the Digital Advisory Board in Sep 2020, SBT's digital offer has grown considerably and is a key value driver for the portfolio. In FY23 we provided over 2,000 hours of digital support across 18 projects to 11 social enterprises. Our second Digital Impact Fund is enabling exciting digital transformation initiatives in seven social enterprises, funded by the Permira Foundation. Initiatives range from developing an online progress checker for children with speech and language difficulties to building a platform to measure the wellbeing of retail workers.

All of this has been possible because of the energy, enthusiasm and commitment of our trustees, business partners, volunteers and SBT staff. I am extremely grateful to our chair of trustees Larissa Joy, OBE, who is a constant source of inspiration, bringing out the very best of SBT in support of our mission. I would also like to recognise our Investment Committee who have been instrumental in helping SBT drive impact during this record year of investments.

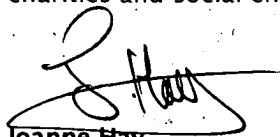
We continue to operate a lean core team, drawing on support and advice from all our corporate partners. We have also had the support of excellent EY secondees providing essential support to the Portfolio. Staffing and costs have been maintained at prior levels despite big increases in activity. As a result, 97% of expenditure went on investing in social enterprise investees up from 94% last year.

Social Business Trust

Report of the trustees – CEO's Report

For the year ended 31 May 2023

Looking ahead, we are planning to do more and to collaborate more to achieve change. We will continue to deepen our relationships with social enterprises to enhance their impact. Digital will continue to grow as we double-down on support to the Portfolio through professional expertise, funding and greater cross partner collaboration. This will all require growing our revenue to increase the core team and to increase our grant funding allocation so that we can support more charities and social enterprises.



Joanne Hay
Chief Executive

Key Performance Indicators

KPI	Explanation	FY23 Performance
Total cash income (£s)	This measures the financial support that we have received during the year and determines our ability to fund core costs and to make cash grants to social enterprises.	Total cash income in the year to 31 May 2023 was £812k (FY22: £962k). The main source of decrease was the ending of relationships with two business partners, partially offset by the addition of a new business partner and a further year of restricted grant funding for SBT's Digital initiative. We continue to seek additional sources of cash income as this will enable us to expand our activities.
Expenditure on core costs (£s)	This measure determines how much we spend on SBT's core operations. We are looking to optimise rather than minimise this measure, as inadequate investment in core costs is a false economy.	Total expenditure on core costs in FY23 was £465k (FY22: £479k). Staffing and staff costs were maintained at prior year levels despite a significant increase in activity.
Number of investments made	Although SBT's investment criteria are flexible, we would normally expect to restrict our investments to only support social enterprises that want to work with us to achieve 'transformation'. The number of investments made in a period should reflect this. This measure also indicates the effectiveness of our processes for identifying and processing suitable applicants.	In FY23, SBT's Investment Committee approved one proposal to invest in a social enterprise, as that social enterprise joined SBT's Portfolio from Design. Most of the activity in the year was focused on existing portfolio projects; in FY22, the Investment Committee approved five new investments.

Social Business Trust

Report of the trustees – CEO's Report

For the year ended 31 May 2023

KPI	Explanation	FY23 Performance
In-kind support drawn down from our business partners (£s)	This amount measures both the extent of our ability to engage our business partners and the value of the expertise provided without charge to SBT and to our investees.	In FY23, £5,453k (FY22 £3,355k) of in-kind support was provided by SBT's business partners, an increase of over 60%. All current business partners increased the value of the support provided to SBT. All members of the Portfolio received expert support from SBT's business partners during the year, to help with specific functional areas, training and mentoring – as did certain members of the SBT Development Network and social enterprises new to SBT in the Design stage. Nine of the twelve members of SBT's Portfolio received an increase in support in FY23. Of the total value of in-kind services provided in FY23, 97% was provided directly to our social enterprises (86% in FY22).
Feedback from our key stakeholders	SBT regards its investors, investees (actual and potential) and staff as its key stakeholders.	We obtain regular feedback from our investors, investees and staff. In most cases, this is extremely positive but we also welcome constructive criticism as this enables us to improve our processes. During the year, we collected feedback from volunteers on how volunteering had impacted their professional development. We achieved a NPS (net promoter score) of +77 from investees.

Financial overview

Total cash incoming resources for FY23 year were £812k (FY22: £962k). After core costs of £462k (FY22: £479k), cash payments to investee social enterprises of £583k (FY22: £316k), and an increase in working capital of £13k (FY22: reduction of £133k), year-end cash balances decreased by £243k (FY22: increase of £301k) to £626k at 31 May 2023. These, together with future cash donations from our business partners, will enable us to meet our cash commitments to existing investees (valued at £396k at 31 May 2023) and make additional investments during FY24.

In addition to their cash donations, business advice with an estimated market value of £5,453k (FY22: £3,355k) was drawn down from our business partners and provided to SBT and its investees.

An analysis of our total FY23 core and in-kind expenditure of £6,501k shows that £6,306k or 97% of our resources (FY22: 94%) was focused on our investees. The balance went on raising funds (2%) and on governance (1%) – with the latter being broadly defined to include strategic management of the charity, risk management, compliance with regulations and public reporting.

Reserves policy

Our reserves policy is risk based and reflects the trustees' belief that, after taking account of existing cash commitments to portfolio companies, the charity should maintain a minimum level of unrestricted funds equivalent to approximately three months' core costs as this would enable SBT to manage an unexpected disaster that would threaten our ability to continue as a going concern. At activity levels forecast for FY24, this implies the need to maintain a minimum level of funds of approximately £135k. After deducting known cash commitments to portfolio companies, total unrestricted funds at 31 May 2023 were approximately £230k. The excess over the minimum targeted level is regarded by the trustees as acceptable.

Social Business Trust

Report of the trustees

For the year ended 31 May 2023

The trustees present their report and the audited financial statements for the year ended 31 May 2023.

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

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

Structure and objects

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

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

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

Aims, objectives and activities

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

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

In all cases, we work collaboratively with management but, in accordance with best business practice, we always insist on accountability, transparency and a focus on results. Consequently, our

Social Business Trust

Report of the trustees

For the year ended 31 May 2023

support is usually provided in instalments, with each instalment being conditional on the achievement of certain milestones. We monitor the social impact of our investees and attempt to estimate the social return on our investment in terms of the key performance indicators that our investees consider meaningful.

Trustees

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

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

Related party transactions and conflicts of interest

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

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

Public benefit

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

Investment Committee

The trustees have set up an Investment Committee to act as an advisory sub-committee of the Board. The Investment Committee includes one senior representative of each of SBT's business partners. Its purpose is to consider detailed investment recommendations put forward by SBT's core team and, if appropriate, recommend them to the Board for approval. Meetings of the Investment Committee take place at least four times a year.

Social Business Trust

Report of the trustees

For the year ended 31 May 2023

The current members of the Investment Committee are:

Larissa Joy (Chair)
Gemma Cotton (Bain & Company)
Anne Drakeford (Clifford Chance)
Andrew Walton (EY)
Paul Armstrong (Permira)
David Hirschmann (Permira Credit)
Jon Slade (The FT)
Louise Hosking (Schroders)
Daniel Fox (Thomson Reuters)

Fundraising

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

Volunteers

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

Risk management

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

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

Risk management is the responsibility of the Board and, in recognition of this, a schedule summarising principal risks together with mitigating factors and appropriate risk management procedures is formally reviewed by the Board annually. In the Board's opinion, SBT's two most significant risks can be summarised as:

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

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

Social Business Trust

Report of the trustees

For the year ended 31 May 2023

Going concern

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

Remuneration policy for key management personnel

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

In common with other small, entrepreneurial organisations in the charitable sector, SBT's value proposition to staff includes flexible working, supportive teamwork and significant job satisfaction from the social impact that we are helping to generate. However, remuneration is also important, and, for this element of the overall reward package, our policy is to set pay and benefits at levels that are competitive for the sector and which recognise an individual's abilities, responsibilities and experience.

The remuneration of key management personnel is summarised in Note 6 of the financial statements. On a full time, equivalent basis, SBT's highest paid employee is the Chief Executive and, in the year to 31 May 2023, her salary was approximately 2.1 times the average full time equivalent salary paid to other employees.

Financial review

The Chief Executive's report, which is set out on pages 4 to 7, includes a commentary on SBT's performance in the year to 31 May 2022 and a financial overview.

Plans for the future

During FY23 we have significantly deepened the support we provide to our portfolio alongside working with a larger number of organisations, ultimately so they can help more beneficiaries.

Priorities for 2023/24 include:

- Further developing our volunteering capacity supporting investees to achieve sustainable growth.
- Growing revenue to increase the core team and increase our grant funding allocation so that we can support more charities and social enterprises.
- Developing our digital capability to meet growing needs across our portfolio.
- Supporting a culture of diversity and inclusion within the SBT team and across the portfolio and volunteer pool.

Social Business Trust

Report of the trustees

For the year ended 31 May 2023

Statement of responsibilities of the trustees

The trustees (who are also directors of Social Business Trust for the purposes of company law) are responsible for preparing the trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to:

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

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

In so far as the trustees are aware:

- There is no relevant audit information of which the charitable company's auditor is unaware
- The trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Members of the charity guarantee to contribute an amount not exceeding £1 to the assets of the charity in the event of winding up. The total number of such guarantors at 31 May 2023 was 11 (2022: 10). The trustees are members of the charity but this entitles them only to voting rights. The trustees have no beneficial interest in the charity.

Social Business Trust

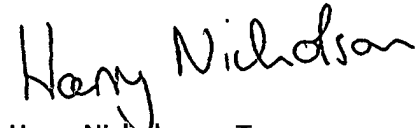
Report of the trustees

For the year ended 31 May 2023

Auditor

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

The trustees' annual report which includes the Chair's and Chief Executive's report was approved by the trustees on 27 September 2023 and signed on their behalf by:

A handwritten signature in black ink that reads "Harry Nicholson". The signature is written in a cursive, flowing style.

Harry Nicholson – Treasurer

Independent auditor's report

To the members of

Social Business Trust

Opinion

We have audited the financial statements of Social Business Trust (the 'charitable company') for the year ended 31 May 2023 which comprise the statement of financial activities, balance sheet, statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- Give a true and fair view of the state of the charitable company's affairs as at 31 May 2023 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- Have been prepared in accordance with the requirements of the Companies Act 2006

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- The trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- The trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Independent auditor's report

To the members of

Social Business Trust

Other information

The other information comprises the information included in the trustees' annual report, including the Chair's Report and the Chief Executive's 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 trustees' annual report, including the Chair's Report and the Chief Executive's Report, for the financial year for which the financial statements are prepared is consistent with the financial statements
- The trustees' annual report, including the Chair's Report and the Chief Executive's Report, has been prepared in accordance with applicable legal requirements

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' annual report including the Chair's Report and the Chief Executive's Report.

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

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

Independent auditor's report

To the members of

Social Business Trust

- The trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the trustees' annual report and from the requirement to prepare a strategic report.

Responsibilities of trustees

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

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

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

Independent auditor's report

To the members of

Social Business Trust

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

This report is made solely to the charitable company's members as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Judith Miller (Senior statutory auditor)

Date 23 November 2023

for and on behalf of Sayer Vincent LLP, Statutory Auditor

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

Social Business Trust

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

For the year ended 31 May 2023

	Note	Unrestricted £	Restricted £	2023 Total £	Unrestricted £	Restricted £	2022 Total £
Income from:							
Donations	2	6,062,665	201,750	6,264,415	4,159,697	157,000	4,316,697
Bank interest and sundry income		9,531	-	9,531	455	-	455
Total income		6,072,196	201,750	6,273,946	4,160,152	157,000	4,317,152
Expenditure on:							
Raising funds		111,552		111,552	136,782	-	136,782
Charitable activities							
Investment in projects		6,189,091	200,378	6,389,469	3,857,740	155,239	4,012,979
Total expenditure	3	6,300,643	200,378	6,501,021	3,994,522	155,239	4,149,761
Net income for the year and net movement in funds	5	(228,447)	1,372	(227,075)	165,630	1,761	167,391
Reconciliation of funds							
Total funds brought forward		855,511	5,766	861,277	689,881	4,005	693,886
Total funds carried forward		627,064	7,138	634,202	855,511	5,766	861,277

Movements in restricted funds are detailed in note 11

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

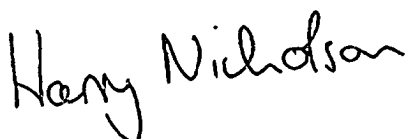
Social Business Trust**Balance sheet**

Company no. 07242976

31 May 2023

	Note	2023 £	2022 £
Fixed assets			
Tangible fixed assets	8	5,968	3,855
Current assets			
Debtors	9	18,785	18,268
Short term deposits		87,631	250,432
Cash at bank and in hand		538,042	617,815
		644,458	886,515
Liabilities			
Creditors: amounts due within one year	10	(16,224)	(29,093)
Net current assets		628,234	857,422
Net assets		634,202	861,277
The funds of the charity			
Unrestricted general funds		627,064	855,511
Restricted funds	11	7,138	5,766
Total charity funds		634,202	861,277

Approved by the trustees on 27 September 2023 and signed on their behalf by:

Harry Nicholson
Trustee

Social Business Trust

Statement of Cash Flows

For the year ended 31 May 2023

	2023 Total £	2022 Total £
Net income for the year	(227,075)	167,391
Depreciation	3,226	3,201
Loss on disposal of fixed assets	1	1
Decrease/(increase) in debtors	(518)	119,111
Increase/(decrease) in creditors	(12,869)	13,827
Net cash provided by operating activities	(237,235)	303,531
Cash flows from investing activities:		
Purchase of fixed assets	(5,339)	(2,741)
Net cash used in investing activities	(5,339)	(2,741)
Change in cash and cash equivalents in the year	(242,574)	300,790
Cash and cash equivalents at the beginning of the year	868,247	567,457
Cash and cash equivalents at the end of the year	625,673	868,247

Analysis of cash and cash equivalents

	At 1 June 2022 £	Cash flows £	At 31 May 2023 £
Cash at bank and in hand	617,815	(79,773)	538,042
Short term deposits	250,432	(162,801)	87,631
Total	868,247	(242,574)	625,673

Social Business Trust

Notes to the financial statements

For the year ended 31 May 2023

1 Accounting policies

a) Statutory information

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

The registered office address is Invicta House, 108–114 Golden Lane, London, EC1Y 0TL.

b) Basis of preparation

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

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

In applying the financial reporting framework, the trustees have made a number of subjective judgements, for example in respect of significant accounting estimates. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The nature of the estimation means the actual outcomes could differ from those estimates. Any significant estimates and judgements affecting these financial statements are detailed within the relevant accounting policy below.

c) Public benefit entity

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

d) Going concern

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

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

e) Income

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

1 Accounting policies (continued)

f) Expenditure and irrecoverable VAT

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

SBT has the following three core processes:

1. Raising funds

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

2. Investment in projects

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

3. Governance

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

g) Allocation of support costs

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

Raising funds	14.4%
Investment in projects	73.2%
Governance	12.4%

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

h) Grants payable

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

Social Business Trust

Notes to the financial statements

For the year ended 31 May 2023

1 Accounting policies (continued)

i) Donations of gifts, services and facilities

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

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

j) Tangible fixed assets

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

Office equipment	3 years
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Items of equipment are capitalised when the purchase price exceeds £250. Assets are reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value and value in use.

k) Operating leases

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

l) Financial instruments

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

m) Pensions

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

n) Fund accounting

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

o) Debtors

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

p) Cash at bank and in hand

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

Social Business Trust

Notes to the financial statements

For the year ended 31 May 2023

1 Accounting policies (continued)

q) Short term

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

r) Creditors and provisions

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

2 Donations

	2023 Total £	2022 Total £
Cash donations from business partners	810,000	955,000
In-kind services provided by business partners	5,452,510	3,354,692
Cash donations from individuals and corporate entities	1,905	7,005
Total	<u>6,264,415</u>	<u>4,316,697</u>

In 2023, £200,000 of cash donations were restricted to the Digital Impact Fund, and £1,750 restricted to the HBS CEO programme.

Social Business Trust

Notes to the financial statements

For the year ended 31 May 2023

3a Total expenditure (current year)

	Costs of raising funds £	Investment in projects £	Governance Costs £	Support Costs £	2023 Total £	2022 Total £
Cash paid to support social enterprises	-	583,250	-	-	583,250	316,075
In-kind services provided	-	5,277,441	-	175,069	5,452,510	3,354,692
	-	5,860,691	-	175,069	6,035,760	3,670,767
Staff and recruitment costs (Note 6)	-	-	-	372,980	372,980	383,984
Property costs	-	-	-	30,802	30,802	27,858
Marketing and fundraising costs	-	-	-	14,644	14,644	7,426
Training	-	-	-	-	-	7,068
Subscriptions	-	-	-	2,226	2,226	2,049
Travel, subsistence and entertainment	-	-	-	5,043	5,043	5,599
Phone costs	-	-	-	4,322	4,322	3,111
Depreciation	-	-	-	3,226	3,226	3,201
Other office costs	-	-	-	11,845	11,845	21,569
Insurance	-	-	-	6,758	6,758	6,749
Professional fees	-	-	-	13,415	13,415	10,380
	-	5,860,691	-	640,330	6,501,021	4,149,761
Support Costs	110,093	445,204	85,033	(640,330)	-	-
Governance costs	1,459	83,574	(85,033)	-	-	-
Total expenditure 2023	111,552	6,389,469	-	-	6,501,021	
Total expenditure 2022	136,782	4,012,979	-	-		4,149,761

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

Social Business Trust

Notes to the financial statements

For the year ended 31 May 2023

3b Total expenditure (prior year)

	Costs of raising funds £	Investment in projects £	Governance Costs £	Support Costs £	2022 Total £
Cash paid to support social enterprises	-	316,075	-	-	316,075
In-kind services provided	-	3,211,412	-	143,280	3,354,692
	-	3,527,487	-	143,280	3,670,767
Staff and recruitment costs (Note 6)	-	-	-	383,984	383,984
Property costs	-	-	-	27,858	27,858
Marketing and fundraising costs	-	-	-	7,426	7,426
Training	-	-	-	7,068	7,068
Subscriptions	-	-	-	2,049	2,049
Travel, subsistence and entertainment	-	-	-	5,599	5,599
Phone costs	-	-	-	3,111	3,111
Depreciation	-	-	-	3,201	3,201
Other office costs	-	-	-	21,569	21,569
Insurance	-	-	-	6,749	6,749
Professional fees	-	-	-	10,380	10,380
	-	3,527,487	-	622,274	4,149,761
Support Costs	132,996	374,407	114,871	(622,274)	-
Governance costs	3,786	111,085	(114,871)	-	-
Total expenditure 2022	136,782	4,012,979	-	-	4,149,761

Social Business Trust

Notes to the financial statements

For the year ended 31 May 2023

4a Investment in projects

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

	2023 £	2022 £
Portfolio		
Career Ready	209,506	141,271
Catch22	1,082,121	426,176
Challenge Partners	521,905	219,110
Hertfordshire Independent Living Service	228,751	851,917
Hestia	112,887	282,038
LEAP	195,506	65,263
London Early Years Foundation	351,602	325,898
RetailTRUST	170,050	583,038
SALUK	547,852	111,852
The Brilliant Club	522,719	40,955
Twining	248,540	52,903
Development Network		
Bikeworks	819,500	9,270
Brightside	31,538	67,257
British Exploring Society	10,447	9,456
City Harvest	36,189	48,434
DFN Project Search	191,442	42,048
Do it Now Now	2,187	-
Moneyline	-	5,224
Shakespeare Schools	-	736
Tempo Time Credits	-	59
UserVoice	-	26,191
Design		
Jamie's Farm	318,925	-
Mind	13,414	36,824
	5,615,081	3,345,920
Digital	198,042	158,186
Project Rainbow (I and II)	16,227	21,027
Smart Works	1,385	-
Starlight	4,593	-
The Fore	25,363	2,354
	5,860,691	3,527,487

By the end of FY23, Hestia joined the Portfolio from SBT Design; Brightside (from Portfolio), British Exploring Society, City Harvest and DFN Project Search (from Design) joined the SBT Development Network (formerly Alumni group).

Digital comprises the Digital Impact Fund in FY23 which made cash grants to Challenge Partners, HILLS, Hestia, RetailTRUST, SALUK (formerly I CAN), The Brilliant Club and Twining. funded by a restricted donation by a business partner. In FY22, cash grants were made to Brightside, Catch22, Challenge Partners and Hestia.

Project Rainbow covers specific cash and in-kind services to support SBT portfolio members related to actions taken as a result of COVID restrictions.

Social Business Trust

Notes to the financial statements

For the year ended 31 May 2023

4b Investment in projects (continued)

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

	2023 £	2022 £
Within one year	1,090,000	790,000
Between one and two years	100,000	650,000
Total	<u>1,190,000</u>	<u>1,440,000</u>

5 Net movement in funds for the period

This is stated after charging:	2023 £	2022 £
Depreciation	3,226	3,201
Rent/workstation licence fees	30,802	27,858
Auditor's remuneration (excluding VAT):		
Audit	8,900	7,750
Trustees' remuneration	NIL	NIL
Trustees' expenses	<u>NIL</u>	<u>NIL</u>

6 Staff costs and numbers

Staff costs were as follows:	2023 £	2022 £
Salaries and fees payable	321,476	320,882
Social security costs	25,823	34,650
Pension contributions	14,881	15,552
Recruitment costs	10,800	12,900
	<u>372,980</u>	<u>383,984</u>

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

	2023 No.	2022 No.
£60,000 – £69,999	-	-
£90,000 – £99,999	-	1
£100,000 – £109,999	<u>1</u>	<u>-</u>

The total employee benefits (including employer national insurance and employer pension contributions) of the key management personnel were £362,180 (2022: £371,084).

At 31 May 2023, SBT's core team consisted of 7.8 (2022: 7.7) full time equivalents, being 6 (2022: 7) employees and two (2022: two) secondees from EY. The average weekly number of employees (full-time equivalents) during the year was 5.5 (2022: 5.4).

Social Business Trust

Notes to the financial statements

For the year ended 31 May 2023

7 Taxation

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

8 Tangible fixed assets

	Office equipment £	Total £
Cost		
At start of the year	16,701	16,701
Additions in year	5,339	5,339
Disposals in year	(1,898)	(1,898)
At the end of the year	20,142	20,142
Depreciation		
At start of the year	12,846	12,846
Charge for the year	3,226	3,226
Disposals in year	(1,898)	(1,898)
At the end of the year	14,174	14,174
Net book value		
At the end of the year	5,968	5,968
At the start of the year	3,855	3,855

All of the above assets are used for charitable purposes.

9 Debtors

	2023 £	2022 £
Prepayments	9,862	8,940
Other debtors	-	-
Rent deposit	2,328	2,328
Accrued income	6,595	7,000
	18,785	18,268

10 Creditors: amounts due within one year

	2023 £	2022 £
Taxation and social security	4,920	13,095
Other creditors	11,304	15,998
	16,224	29,093

Social Business Trust

Notes to the financial statements

For the year ended 31 May 2023

11a Restricted funds – current year

	At 1 June 2022 £	Income £	Expenditure £	At 31 May 2023 £
Digital impact fund	-	200,000	(198,042)	1,958
HBS Fund	5,766	1,750	(2,336)	5,180
Total restricted funds	5,766	201,750	(200,378)	7,138

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

The HBS Fund was established by the charity's co-founder and former Chair, Sir Damon Buffini. Its purpose is to enable senior executives from SBT's investee companies to attend a course for social entrepreneurs at Harvard Business School.

Total restricted funds at the year end (£7,138) were represented by cash. All of the charity's other assets and liabilities at 31 May 2023 represented unrestricted funds.

11b Restricted funds – prior year

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

12 Property commitments

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

13 Related party transactions

As shown in Note 4, during the year, cash and in-kind services with values of £nil (FY22£5,224), £170,050 (FY22 £583,038) and £nil (FY22 £736) were provided to Moneyline, RetailTRUST and Shakespeare Schools ("Coram SSF") respectively. Jan Coos Geesink is a trustee of Moneyline, Paul Armstrong is a trustee of RetailTRUST, and both James Hadley and Guy Davies are trustees of Coram SSF.

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

14 Legal status of the charity

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