

REGISTRAR OF COMPANIES

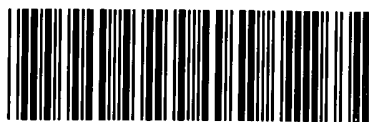
FSE Social Impact Accelerator Limited

Directors' report and financial statements

For the year ended 31 March 2017

Registered number: 08846746

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Company Information

| | |
|----------------------------|--|
| Directors | C Reid MBE R Spencer K Jones M Burch L Earley |
| Company secretary | D Huxford |
| Registered number | 08846746 |
| Registered office | Riverside House 4 Meadows Business Park Blackwater Surrey GU17 9AB |
| Independent auditor | Buzzacott LLP 130 Wood Street London EC2V 6DL |
| Bankers | Barclays Bank Plc 1 Churchill Place London E14 5HP |

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Directors' report

For the year ended 31 March 2017

The directors present their report together with the financial statements of FSE Social Impact Accelerator Limited ('the company') for the year ended 31 March 2017.

Principal activity

The principal activity of the company during the period was to deliver loan based lending mechanisms for social enterprises, comprising the Social Impact Accelerator Loan Scheme.

Results and dividends

The profit for the year, after taxation, amounted to £nil (2016 - £nil).

Directors

The directors who served during the year were:

C Reid MBE
R Spencer
K Jones
M Burch
L Earley (appointed 14 June 2016)

Directors' responsibilities statement

The directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the company financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the 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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors' report (continued)

For the year ended 31 March 2017

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

In preparing this report, the directors have taken advantage of the small exemptions provided by section 415 of the companies Act 2006.

This report was approved by the board on 5 July 2017 and signed on its behalf.

A handwritten signature in black ink, appearing to be 'K Jones', written over the printed name and title.

K Jones
Director

Independent auditor's report to the member of FSE Social Impact Accelerator Limited For the year ended 31 March 2017

We have audited the financial statements of FSE Social Impact Accelerator Limited for the year ended 31 March 2017, set out on pages 5 to 11. The relevant financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

This report is made solely to the company's member 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 company's member 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 company and the company's member for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and Auditor

As explained more fully in the Directors' responsibilities statement on page 1, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2017 and of its profit or loss 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.

Opinion on other matter 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 Directors' report for the financial year for which the financial statements are prepared is consistent with those financial statements and this report has been prepared in accordance with applicable legal requirements.

Independent auditor's report to the member of FSE Social Impact Accelerator Limited (continued)

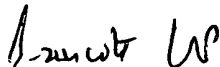
For the year ended 31 March 2017

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' report.

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

- adequate accounting records have not been kept, 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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies' exemption from the requirement to prepare a Strategic report or in preparing the Directors' report.



Peter Chapman (Senior statutory auditor)
for and on behalf of
Buzzacott LLP
Statutory Auditor
130 Wood Street
London
EC2V 6DL

5 July 2017

Statement of income and retained earnings

For the year ended 31 March 2017

| | Note | 2017 £ | 2016 £ |
|-------------------------|-------------|-------------------|-------------------|
| Revenue | 4 | 259,378 | 267,720 |
| Gross profit | | 259,378 | 267,720 |
| Administrative expenses | | (257,252) | (267,720) |
| Operating profit | | 2,126 | - |
| Tax on profit | 7 | (2,126) | - |
| Profit after tax | | - | - |

Retained earnings at the end of the year

There were no recognised gains and losses for 2017 or 2016 other than those included in the statement of income and retained earnings.

The notes on pages 7 to 11 form part of these financial statements.

Statement of financial position

As at 31 March 2017

| | Note | 2017 £ | 2016 £ |
|--|------|-----------------|-----------------|
| Current assets | | | |
| Debtors: amounts falling due within one year | 8 | 26,886 | 19,734 |
| | | <u>26,886</u> | <u>19,734</u> |
| Creditors: amounts falling due within one year | 9 | (26,885) | (19,733) |
| | | <u>(26,885)</u> | <u>(19,733)</u> |
| Net current assets | | <u>1</u> | <u>1</u> |
| Total assets less current liabilities | | <u>1</u> | <u>1</u> |
| Net assets | | <u>1</u> | <u>1</u> |
| Capital and reserves | | | |
| Called up share capital | 10 | 1 | 1 |
| | | <u>1</u> | <u>1</u> |

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 5 July 2017.


K Jones
Director

The notes on pages 7 to 11 form part of these financial statements.

Notes to the financial statements

For the year ended 31 March 2017

1. Company information

FSE Social Impact Accelerator Limited is a company incorporated in England and Wales. Its registered office is Riverside House, 4 Meadows Business Park, Blackwater, Surrey, GU17 9AB.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland ('FRS 102') and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 FRS 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102:

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of certain paragraphs of Section 11 Financial Instruments;
- the requirements of certain paragraphs of Section 12 Other Financial Instruments; and
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of FSE C.I.C as at 31 March 2017 and these financial statements may be obtained from The Registrar of Companies.

2.3 Revenue

Revenue comprises management fees due from the schemes that the company administers.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied: the amount of revenue can be measured reliably;

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.4 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Notes to the financial statements

For the year ended 31 March 2017

2. Accounting policies (continued)

2.5 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties and loans to related parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

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 income and retained earnings.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.6 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.7 Taxation

Tax is recognised in the Profit and loss account, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates income.

Notes to the financial statements

For the year ended 31 March 2017

2. Accounting policies (continued)

2.8 Investment funding

The company receives funding from the Social Impact Accelerator Loan Scheme for the purpose of investing in high growth small to medium sized entities in the United Kingdom. Until the funding is invested or granted, the funding is repayable.

Amounts held for investments and amounts due back to the funding provider are not disclosed on the face of the balance sheet, nor is the income in respect of these funds recognised in the Statement of income and retained earnings as the company is acting, in substance, as an agent, administering these funds in return for the fund meeting the operating costs of the company.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the year-end date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

The directors do not consider that there were any significant areas of estimation uncertainty or application of judgement.

4. Analysis of revenue

The whole of the revenue is attributable to the principal activity of the company.

All revenue arose within the United Kingdom.

5. Auditor's remuneration

| | 2017 £ | 2016 £ |
|---|--------------|--------------|
| Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts | 4,500 | 3,500 |
| Fees payable to the Company's auditor and its associates in respect of: | | |
| Taxation compliance services | 1,300 | 750 |
| All other non-audit services not included | 1,300 | 5,333 |
| | <u>1,300</u> | <u>5,333</u> |

6. Staff costs

The company has no employees other than the directors (2016: none).

During the year ended 31 March 2017 remuneration in respect of directors was £nil (2016: £nil).

Notes to the financial statements

For the year ended 31 March 2017

7. Taxation

| | 2017 £ | 2016 £ |
|--|--------------|-----------|
| Corporation tax | | |
| Current tax on profits for the year | 425 | - |
| Adjustments in respect of previous periods | 1,701 | - |
| Total current tax | 2,126 | - |

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2016 - the same as) the standard rate of corporation tax in the UK of 20% (2016 - 20%). The differences are explained below:

| | 2017 £ | 2016 £ |
|--|--------------|-----------|
| Profit on ordinary activities before tax | 2,126 | - |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2016 - 20%) | 425 | - |
| Effects of: | | |
| Adjustments to tax charge in respect of prior periods | 1,701 | - |
| Group relief claimed | (425) | - |
| Payment for group relief | 425 | - |
| Total tax charge for the year | 2,126 | - |

8. Debtors

| | 2017 £ | 2016 £ |
|---------------|---------------|---------------|
| Other debtors | 26,886 | 19,734 |
| | 26,886 | 19,734 |

Notes to the financial statements

For the year ended 31 March 2017

9. Creditors: Amounts falling due within one year

| | 2017 £ | 2016 £ |
|------------------------------------|---------------|---------------|
| Amounts owed to group undertakings | 3,588 | 881 |
| Other creditors | 9,605 | - |
| Accruals and deferred income | 13,692 | 18,852 |
| | <u>26,885</u> | <u>19,733</u> |

10. Share capital

| | 2017 £ | 2016 £ |
|---|-----------|-----------|
| Shares classified as equity | | |
| Allotted, called up and fully paid | | |
| 1 Ordinary share of £1 | <u>1</u> | <u>1</u> |

11. Related party transactions

The company has taken advantage of the exemption to disclose related party transactions with other group companies conferred by FRS 102 paragraph 33.1A "Related party disclosures" on the basis that it is a wholly owned subsidiary and group accounts are prepared, which include the company.

There were no other related party transactions.

12. Controlling party

The immediate and ultimate parent company is FSE C.I.C. A copy of the consolidated accounts of FSE C.I.C. can be obtained from the Registrar of Companies.

The largest and smallest group in which the company's accounts are consolidated is headed by FSE C.I.C, whose registered office address is Riverside House, 4 Meadows Business Park, Station Approach, Blackwater, Surrey, GU17 9AB.

In the opinion of directors there is no ultimate controlling party.

13. Balances in respect of fund manager activities

| | 2017 £ | 2016 £ |
|---|------------------|------------------|
| Net asset value of funds under management | 2,347,632 | 2,729,349 |
| | <u>2,347,632</u> | <u>2,729,349</u> |

Funds under management represents cash not invested, invested loans and equity investments.