

SIS VENTURES LIMITED

Company registration number SC576272

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

SIS VENTURES LIMITED

COMPANY INFORMATION

Directors	Susan Aktemel William Crossan (stepped down as Chairman 19 December 2019) Alastair Davis Thomas Gillan Morag McNeill David Ovens (Chairman) (appointed 19 December 2019) Michael Wooderson Amanda Young
Company secretary	Jill Barrow (appointed 17 January 2020) Thomas Gillan (resigned 16 January 2020)
Registered number	SC576272
Registered office	Playfair House, 6 Broughton Street Lane Edinburgh EH1 3LY
Independent auditor	Scott-Moncrieff Audit Services Exchange Place 3 Semple Street Edinburgh EH3 8BL
Bankers	Bank of Scotland plc 300 Lawnmarket Edinburgh EH1 2PH
Solicitors	Morton Fraser LLP Quartermile Two 2 Lister Square Edinburgh EH3 9GL

SIS VENTURES LIMITED

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SIS VENTURES LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2020

Introduction

The directors present their strategic report for SIS Ventures Limited ("the company") for the year ended 31 March 2020.

Business review

The Company provides fund management services to the Impact First fund, a mission-led impact fund established to nurture the growth of mission-led organisations across Scotland through access to capital and supporting the development of an impact framework for entrepreneurs. An initial fund raise for Impact First was completed in 2018/19 and SIS Ventures has supported the fund in deploying this capital during the year to 31st March 2020. It is anticipated this initial capital will be fully invested by August 2020.

Principal risks and uncertainties

Management continually monitors the key risks facing the company together with assessing the controls used for managing these risks. The board of directors regularly formally review and document the principal risks facing the business.

Key risks have been reviewed in the wake of the COVID-19 pandemic. The board of directors does not believe the pandemic presents material uncertainty for SIS Ventures, however the pandemic does impact future strategic opportunities for the Impact First Fund which SIS Ventures provides fund management services for. The board of directors will continue to monitor the risks surrounding changes to strategic opportunities in line with the risk management framework.

Financial key performance indicators

Turnover for the year was £44,179 (2019: £37,920), with total comprehensive income of £169 (2019: £238).

The balance sheet shows the company's net assets at the year end was £75,407 (2019: £75,238), with cash at bank and in hand of £120,405 (2019: £82,800).

Future developments

The Company will continue to provide fund management services for the Impact First fund as capital is deployed to mission led entrepreneurs. The Company will also continue to raise new capital from a range of mission-driven investors across the UK.

Pillar III disclosures

In accordance with the Capital Requirements Directive, Pillar III disclosures in respect of risk, capital and related management procedures are available from the Company's registered office on request.

This report was approved by the board and signed on its behalf by:



.....
Alastair Davis
Director

Date: 15/07/2020

SIS VENTURES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2020

The directors present their report and the financial statements for the year ended 31 March 2020.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic report, 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's financial statements and then apply them consistently;
- make judgements 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 to 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.

Results and dividends

The profit for the year, after taxation, amounted to £124 (2019 - £238).

Directors

The directors who served during the year were:

Susan Aktemel
William Crossan (Chairman)
Alastair Davis
Thomas Gillan
Morag McNeill
David Ovens (Chairman) (appointed 19 December 2019)
Michael Wooderson
Amanda Young

SIS VENTURES LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2020**

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.

Post balance sheet events

There have been no significant events affecting the Company since the year end.

Auditor

The auditor, Scott-Moncrieff Audit Services, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf by:



Alastair Davis
Director

Date: 15/07/2020

SIS VENTURES LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SIS VENTURES LIMITED

Opinion

We have audited the financial statements of SIS Ventures Limited for the year ended 31 March 2020, which comprise the statement of comprehensive income, balance sheet, statement of changes in equity 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 Company's affairs as at 31 March 2020 and of its profit 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.

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 Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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 audit 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 directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the 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.

SIS VENTURES LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SIS VENTURES LIMITED (CONTINUED)

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. 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.

Opinion 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 Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have 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 Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report and the Directors' 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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

SIS VENTURES LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SIS VENTURES LIMITED (CONTINUED)

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement on page 2, the directors 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 directors 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 directors are responsible for assessing the 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 directors either intend to liquidate the 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Use of our report

This report is made solely to the 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 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 Company and the Company's members, as a body, for this report, or for the opinions we have formed.



Gareth Magee (Senior statutory auditor)
for and on behalf of
Scott-Moncrieff Audit Services, Statutory Auditor
Exchange Place 3
Semple Street
Edinburgh
EH3 8BL

Date: 15/7/20

SIS VENTURES LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2020

	Note	2020 £	2019 £
Turnover		44,179	37,920
Gross profit		44,179	37,920
Administrative expenses		(44,010)	(37,650)
Operating profit		169	270
Tax on profit		(45)	(32)
Profit for the financial year		124	238

There was no other comprehensive income for 2020 (2019:£NIL).

The notes on pages 9 to 15 form part of these financial statements.

SIS VENTURES LIMITED
REGISTERED NUMBER: SC576272

BALANCE SHEET
AS AT 31 MARCH 2020

	Note	2020 £	2019 £
Fixed assets			
Investments	7	1	1
		<u>1</u>	<u>1</u>
Current assets			
Cash at bank and in hand	8	120,405	82,800
		<u>120,405</u>	<u>82,800</u>
Creditors: amounts falling due within one year	9	(45,044)	(7,563)
		<u>75,361</u>	<u>75,237</u>
Net current assets		<u>75,361</u>	<u>75,237</u>
Total assets less current liabilities		<u>75,362</u>	<u>75,238</u>
Net assets		<u><u>75,362</u></u>	<u><u>75,238</u></u>
Capital and reserves			
Called up share capital	13	75,000	75,000
Profit and loss account		362	238
		<u>75,362</u>	<u>75,238</u>
		<u><u>75,362</u></u>	<u><u>75,238</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



.....
Alastair Davis
Director

Date: 15/07/2020

The notes on pages 9 to 15 form part of these financial statements.

SIS VENTURES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

1. General information

These financial statements are presented in Pounds Sterling (GBP), as that is the currency in which the majority of the company's transactions are denominated. They comprise the financial statements of the company drawn up on the period ended 31 March 2020.

The company is a private company limited by shares and is incorporated in the United Kingdom and registered in Scotland. The registered office is Playfair House, 6 Broughton Street Lane, Edinburgh, EH1 3LY. The company's registered number is SC576272.

The company's principal activity is to provide fund management services to impact investment funds, which aim to support and grow high impact organisations through access to mission-aligned investment.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland 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 Financial reporting standard 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 Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Social Investment Scotland as at 31 March 2020 and these financial statements may be obtained from Playfair House, 6 Broughton Street Lane, Edinburgh, EH1 3LY.

2.3 Going concern

The directors are of the opinion the company can meet its obligations as they fall due to the foreseeable future. The directors have specifically considered the impact of COVID-19 and do not believe the pandemic presents material uncertainties around going concern.

Therefore on this basis the financial statements have been prepared on the going concern basis.

SIS VENTURES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

2. Accounting policies (continued)

2.4 Revenue

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;
- 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.

2.5 Taxation

Tax is recognised in the Statement of comprehensive income, except that a charge 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 balance sheet date in the countries where the Company operates and generates income.

2.6 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.7 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. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.8 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.

SIS VENTURES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

2. Accounting policies (continued)

2.9 Cash flow statement

The company has taken advantage of the exemption from preparing a cash flow statement as permitted by FRS 102 Section 1.12 (b).

This information is included in the consolidated financial statements of Social Investment Scotland as at 31 March 2020 and these financial statements may be obtained from Playfair House, 6 Broughton Street Lane, Edinburgh, EH1 3LY.

2.10 Consolidation

The company has taken advantage of the exemption provided by Section 400 of the Companies Act as its results are fully consolidated within the financial statements of Social Investment Scotland, the parent company.

2.11 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

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 the 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 comprehensive income.

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 balance sheet date.

SIS VENTURES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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

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.

The directors are satisfied that the accounting policies are appropriate and applied consistently, and that there are no critical accounting judgements or significant estimates required in preparing these financial statements.

4. Auditor's remuneration

The Company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent Company.

The auditor's remuneration of £1,535 (2019: £1,500) was settled by Social Investment Scotland, the ultimate controlling party.

5. Employees

The Company has no employees other than the directors, who did not receive any remuneration (2019 - £NIL).

SIS VENTURES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

6. Taxation

	2020 £	2019 £
Corporation tax		
Current tax on profits for the year	45	32
	<u>45</u>	<u>32</u>
Total current tax	<u>45</u>	<u>32</u>

Factors affecting tax charge for the year

There were no factors that affected the tax charge for the year which has been calculated on the profits on ordinary activities before tax at the standard rate of corporation tax in the UK of 19% (2019 - 19%).

SIS VENTURES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

7. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 April 2019	1
At 31 March 2020	1

Subsidiary undertaking

The following was a subsidiary undertaking of the Company:

Name	Registered office	Holding
Impact First Nominees Limited	Playfair House, 6 Broughton Street Lane, Edinburgh, EH1 3LY	100%

The aggregate of the share capital and reserves as at 31 March 2020 and the profit or loss for the year ended on that date for the subsidiary undertaking were as follows:

Name	Aggregate of share capital and reserves	Profit/(Loss)
Impact First Nominees Limited	1	-

8. Cash and cash equivalents

	2020 £	2019 £
Cash at bank and in hand	120,405	82,800
	120,405	82,800

SIS VENTURES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

9. Creditors: Amounts falling due within one year

	2020 £	2019 £
Amounts owed to group undertakings	44,000	7,531
Corporation tax	45	32
Other taxation and social security	998	-
Other creditors	1	-
	45,044	7,563

10. Related parties

As a wholly owned subsidiary of Social Investment Scotland, advantage has been taken of the exemption under FRS 102 Section 33 from the requirement to disclose transactions with other group entities.

11. Controlling party

The ultimate parent undertaking is Social Investment Scotland, a company registered in Scotland. The address of its registered office is the same as that of the company.

In the opinion of the directors, the company has no ultimate controlling party.

12. Other professional services provided by the auditor

In common with many other businesses of its size and nature the company uses its auditors to prepare and submit returns to the tax authorities and assist with the preparation of the financial statements.

13. Share capital

	2020 £	2019 £
Authorised, allotted, called up and fully paid		
75,000 (2019 - 75,000) Ordinary shares of £1.00 each	75,000	75,000

The company issued 74,999 ordinary shares in the previous year for a total consideration of £74,999.