

TRUSTEES' REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2011

THE FOUNDATION FOR SOCIAL ENTREPRENEURS (UnLtd)

**Charity No. 1090393
Company No. 4180639**

MILLENNIUM AWARDS TRUST

Charity No. 1095749

SCOTLAND UnLtd

**Charity No. SC032445
Company No. SC225417**

FSE Management Services Ltd (Company limited by guarantee)

Company No. 6841529

This report has been prepared in accordance with the guidance issued by the Charities Commission, Companies House and the Reporting Directions of the Millennium Commission.

**THE FOUNDATION FOR SOCIAL ENTREPRENEURS (UnLtd)
TRUSTEES' REPORT FOR THE YEAR ENDED 31 MARCH 2011**

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Acknowledgement

The Millennium Awards Trust was endowed by the Millennium Commission with a National Lottery grant of £100 million as a permanent source of grants for social entrepreneurs throughout the United Kingdom to develop their own skills and talents, and to contribute to the community.

The Millennium Commission was set up in 1993 to distribute National Lottery funds as grants to fund initiatives to mark the year 2000 and the beginning of the third millennium. The Commission's £100 million grant to the Millennium Awards Trust will ensure that Millennium Commission funds will continue to benefit individuals and communities in perpetuity.

Descriptions

UnLtd (The Foundation for Social Entrepreneurs) is a company limited by guarantee with charitable status.

The Millennium Awards Trust is a charity established by Trust Deed. UnLtd is the Corporate Trustee of the Millennium Awards Trust.

Scotland UnLtd is a company limited by guarantee with charitable status registered in Scotland. The Millennium Awards Trust has delegated its powers to make Awards in Scotland to Scotland UnLtd under Clause 9(3) of the Trust Deed. The arrangements for doing so include UnLtd appointing two of its Trustees to be Directors of Scotland UnLtd.

FSE World Ltd is a company limited by shares, previously fully owned by UnLtd, and sold to the Guardian Media Group during the year. It was established to provide a platform for trading activities and in particular the activities of UnLtdWorld, an online community for social entrepreneurs. UnLtd had a Master Trading Agreement and a loan facility with FSE World Ltd, which were terminated at the point of sale.

FSE Management Services Ltd is a company limited by guarantee incorporated on 10 March 2009. The sole member of the company is UnLtd. FSE Management Services Limited has been established to deliver contracts for services to funders, particularly government and related agencies, to support social entrepreneurs. Their first activities commenced in 2009/10.

This report sets out the activities of the Foundation for Social Entrepreneurs (UnLtd) and its subsidiary charities and companies, the Millennium Awards Trust, Scotland UnLtd, FSE World Ltd (UnLtdWorld) and FSE Management Services Ltd in the year.

1. LEGAL AND ADMINISTRATIVE INFORMATION

Trustees of the Foundation for Social Entrepreneurs (UnLtd)

Name	Appointment date	Resignation date (if applicable)
Adam Nichols	25 July 2011	
Alastair Wilson	25 July 2005	
Alison Fielding	28 May 2008	
Andrew Croft	28 July 2008	
Anthony Freeling	27 September 2004	
Jason Shaw	26 July 2010	
John Brown	27 September 2004	
Judith McNeill	28 May 2008	
Martin Wyn Griffith	28 May 2008	
Natalie Campbell	28 May 2008	
Norman Cumming	31 October 2005	
Rajeeb Dey	28 May 2008	
Rich Benton (Chair)	24 September 2007	
Richard Tyrie	28 May 2008	
Rodney Stares	26 March 2007	

Committees

Audit Committee	Investment Committee	Ventures Advisory Group	Business Development Committee	Quality Advisory Group
Jason Shaw (Chair)	Norman Cumming (Chair)	Anthony Freeling (Chair)	Martin Wyn Griffith (Chair)	Natalie Campbell (Chair)
Andrew Croft	John Brown	Alison Fielding	Judith McNeil	Richard Tyrie
Stuart Mills	Tanya Pein	Natalie Campbell	Rodney Stares	Andrew Croft
Alison Fielding	Elroy Dimson		Rajeeb Dey	
	Jason Shaw			
	Hosein Khajeh-Hosseiny			

In addition, the Awards Committee comprises all trustees from the main Board.

Trustee of the Millennium Awards Trust

The Foundation for Social Entrepreneurs (UnLtd) is the sole Corporate Trustee of the Millennium Awards Trust; appointed by the Millennium Commission at the time of the Trust's establishment on the 27th of January 2003.

Protector of the Millennium Awards Trust

The first Protector of the Millennium Awards Trust is Patrick Harrington, QC, also appointed on the 27th of January 2003 by the Millennium Commission and reappointed on 27 January 2006 and on 27 January 2009 by the Secretary of State for Culture, Media and Sport. Patrick Harrington QC has accepted a third three year term of office to run until 26th January 2012. The Protector's fiduciary duties are to ensure the integrity of the administration of the Trust and the propriety of its procedures.

Principal Office

123/127 Whitecross Street
Islington
London
EC1Y 8JJ

External Auditors

PKF (UK) LLP
Farringdon Place
20 Farringdon Road
London
EC1M 3AP

Bankers

Barclays Bank plc
Hatton Garden Medium Business
99 Hatton Garden
London
EC1N 8DN

Solicitors

Bates, Wells and Braithwaite
Scandinavian House
2-6 Cannon Street
London
EC4M 6YH

Investment Managers

Goldman Sachs Asset Management International
Christchurch Court
10-15 Newgate Street
London
EC1A 7HD

Dimensional Fund Advisors Ltd
5th Floor
20 Triton Street
London
NW1 3BF

Taube Hodson Stonex Partners LLP
Cassini House
57-59 St James's Street
London SW1A 1LD

Internal Auditors

BDO LLP
Emerald House
East Street
Epsom, Surrey
KT17 1HS

Bankers

Triodos Bank
Brunel House
11 The Promenade
Bristol
BS8 3NN

Custodian

State Street
Global Investor Services Group
One Canada Square
London
E14 5AF

2. INTRODUCTION AND OVERVIEW

There has never been a more important time to support social entrepreneurs. With public spending constraints, the struggle to emerge from recession, and a series of long term social challenges, social entrepreneurs are needed more than ever. Whether it is the large numbers of people acting for community benefit and building trust, cohesion and capacity, or the smaller numbers who can take a social venture to high social and economic impact, the UK needs new social leaders to start up and thrive.

There has also never been a faster pace of development in support for social entrepreneurs. The approach is being recognised by investors, corporate supporters, public service commissioners, universities, community organisations and more. Despite the recession and reductions in public funds, the year has seen the emergence of more new intermediaries for social ventures than ever before.

Our view, drawn from daily work in this field and our research, is that support for social entrepreneurs and their ventures is moving from isolated experiments and individual scaling up towards becoming an ecosystem of help. It is still early days. The ecosystem is still partial and often confused, but the direction of change is clear. With that understanding, we have reviewed the best contribution we can make for the next five years and constructed a new and we believe influential strategy.

Over the coming years we will be focusing our work on collaboration and building that wider ecology of support, through delivering our support to social entrepreneurs in partnerships with community organisations, social investors and others.

UnLtd has now supported nearly 10,000 talented and inspirational people to become social entrepreneurs through the Millennium Awards Trust and UnLtd's growing number of other schemes. The passion, energy and innovation shown by our Award Winners is remarkable. Social entrepreneurs from all backgrounds and ages are stepping forward as a major force for good in our society.

I am truly grateful for the work and contribution of our trustees, staff and volunteers in helping social entrepreneurs succeed.

The breadth and depth of our work has given us a powerful insight into who makes a successful entrepreneur, what they can achieve, and how best to support them. A further key part of our strategy is to build on this learning and to use it to assist in wider developments.

UnLtd's research has demonstrated the value of social entrepreneurs in 6 key areas of public benefit: building skills and confidence in leadership for social value; building social capital; creating social impact; developing economic impact as their ventures grow; innovating for social benefit; and inspiring others in disadvantaged communities. Our second annual survey in early 2011 has shown an average of 6 jobs, 34 formal training opportunities, and 15 volunteering places created for each Award Winner supported. Despite the difficult economic circumstances, these figures are improvements on the previous year and the majority of respondents report continued growth. Over half of Award Winners created new social networks in their communities. Over 90% feel able to create social change, and to lead a social venture, with the great majority saying this was as a result of their experience in running the project funded by UnLtd. 87% are still leading their social venture.

The value of this approach – reaching out and unleashing the talents of people to transform the world in which they live – has been recognised more widely by funders and other decision makers. Themed programmes supported by external funders have demonstrated the value of the approach for young and old, in higher education and in disadvantaged communities, for digital entrepreneurs and in job creation.

Thanks to support from the Big Lottery Fund and NESTA, we will now be able to expand and improve support both for community entrepreneurs in the most disadvantaged areas, and for social ventures ready to go to scale. We anticipate being able to increase the support available to social entrepreneurs both by our own direct help and via new partners who we will support into this area of work. Through programmes such as Neighbourhood Challenge, the Big Local Trust, People Powered Change and the Big Venture Challenge, we intend to achieve a step change for people wanting to start and grow social ventures. Our ambition over the coming 5 years is to help create an environment in which people find it far easier to make social entrepreneurship their future.

At the same time, we plan to improve and enhance our direct support offers. A review of our awards programmes and support services will take place during 2011, with a view to implementation in 2012. This will be informed by a major programme of research and involvement from all stakeholders. Our initial findings indicate that our support is valued very highly indeed by social entrepreneurs, and that the key extra ingredients people wish to see are help in finding routes to market, and with developing operational capacity. These will both figure as key elements in our future strategy.

The Global Entrepreneurship Monitor shows that over 200,000 people in the UK are trying to set up some kind of social venture. The energy, talent and passion of social entrepreneurs are keys to the future of our society. Our commitment is to make sure that their potential is fulfilled.

I am constantly inspired by the quality and commitment of the people, from all ages and backgrounds, who have stepped forward to become social entrepreneurs and Award Winners. They are the people who, often from personal experience of disadvantage, step forward to create solutions. Our world is a profoundly better place for them, and I join all our Trustees and staff in committing our efforts to supporting them to succeed.

Richard Benton
Chair of the Board of Trustees

3. STRUCTURE, GOVERNANCE AND MANAGEMENT

a. Nature of governing document

The Charity is governed by its Memorandum and Articles of Association dated 15 March 2001 as amended 30 November 2001, 24 October 2002, 29 March 2004, 25 September 2005 and 29 January 2008 and is a registered charity number 1090393.

b. How Trustees are recruited and appointed

Trustees are appointed in two ways:

- 1 Each member organisation is entitled to appoint one Trustee to the Board of the Foundation. These are called Member Trustees and are appointed for on average, a term of three years and may be re-appointed for one further term (two for those appointed before 2008). Members may dismiss their appointed Trustee at any time. The member organisations are described in paragraph f, 'Related parties'.
- 2 Up to a further 9 Trustees can be appointed for, on average, a term of three years and may be re-appointed for one further term. These are called Independent Trustees and include the Chair of the main Board, the Treasurer, the Chair of the Investment Committee, the Chair of the Audit Committee, and the Chair of the Business Development Committee. A two-thirds majority may dismiss Independent Trustees. All Trustees are able to vote for the appointment and removal of another Trustee.
- 3 Trustees who become officers of the Board may be appointed for a further (third) term of three years by decision of the Board. Officers are defined by the Board but shall include the Chair of the main Board, the Treasurer, the Chair of the Investment Committee, the Chair of the Audit Committee, and the Chair of the Business Development Committee.

c. Policies and procedures for induction and training of Trustees

UnLtd has a standard induction and training programme for all new Trustees; this includes scheduled meetings with members of UnLtd's senior management team and the Board of Trustees, a formal presentation on UnLtd and an induction pack. Trustees are encouraged to take up the opportunity to attend relevant external training courses and conferences.

d. Organisational structure and how decisions are made

The core corporate team during the year consisted of the Chief Executive who also chaired the board of FSE World Ltd; the Director of Finance, HR and ICT; Director of Development covering the North and Midlands and Northern Ireland together and leading on Development and Networks; Director of Programmes and Operations covering London, South and East together and leading on Operations, Youth Initiatives and Scotland; Director of Ventures who also leads on FSE Management Services Ltd; Director of Research and Policy; and on a contract basis by an external Director of Marketing and Communications. Additional senior staff who contribute to the management team are the Awards Director for Wales, and the Director of First Port who is contracted to provide management support to the staff and operations of Scotland UnLtd. Changes planned for 2011 include a separation of development and operational delivery roles.

Together with the link Trustees for the regions, the Programmes/Awards Directors are responsible for recommending awards in their respective regions. Final decisions on awards for the Millennium Awards Trust programme are made by the Board or its Awards Committee, except for decisions on awards in Scotland which are delegated to the board of Scotland UnLtd acting as its Awards Committee. Awards for our youth programmes are recommended by staff and decided by panels of young people who are provided with training and support to carry out this work. Awards under some externally funded programmes are considered by their respective funders on recommendation from UnLtd staff.

Decisions on new developments are initiated by staff within the strategy agreed by the Board, with advice and support from the Business Development Committee (BDC) of the board. Formal levels of delegated authority are set for final decision making by senior staff, the BDC, and the board itself.

UnLtd is accountable to its Board of Trustees; Trustees have a responsibility to act collectively to ensure the proper administration of the Charity. They must safeguard the assets of the Charity to ensure that these assets and resources are only used in furtherance of the objects of the Charity. They shall have regard to the Charity Commission's requirements including their guidance on public benefit. Trustees must at all times act in the best interests of the Charity and must avoid any conflict between their personal interests and those of the Charity.

- 1 The Trustees of UnLtd exercise their responsibilities in three ways:
 - Effective governance structures
 - Clear policies and guidelines
 - Employing competent professional staff and advisers

- 2 The main Board of Trustees meets regularly and considers the following:
 - Reports from the Investment Committee, Audit Committee, Business Development Committee, Ventures Advisory Group and Quality Advisory Group
 - The Executive Report, which describes strategic activity and seeks approval for proposed developments
 - The Activities Report, which describes externally funded work and other activities
 - Financial Reports – quarterly reports showing the variance of expenditure to the approved budget for all cost centres
 - Investment reports – including recommendations on investment decisions from the Investment Committee
 - Business development reports – including matters handled by the Business Development Committee
 - Awards recommendations and a detailed analysis of applications received and Awards made
 - Reports from subsidiaries, specifically Scotland UnLtd and FSE World Ltd (until the sale of the company on 28 February 2011), and FSE Management Services Ltd

- 3 Over the years, the externally funded activities of UnLtd have grown. To ensure appropriate attention to all aspects of the Charity's work, the Board structures its agenda in three parts:
 - Activities as Trustee of the Millennium Awards Trust
 - Other activities of UnLtd
 - Activities of subsidiaries

- 4 Annually the main Board approves:
 - The Operational Plan for the year
 - The Budget for the year
 - The Investment Policy for the year
 - The Risk Management Strategy for the year

Every three to five years the main Board approves a long term strategy for UnLtd.

The maintenance of effective Internal Control is the responsibility of the Chief Executive for which he is accountable to the Board through the Audit Committee.

UnLtd has appointed two separate professional firms as External and Internal Auditors. Both advise the Audit Committee and report directly to Trustees.

The policy framework through which UnLtd achieves effective Internal Control is contained in:

- The Financial Procedures - which lays out step by step procedures for the proper authorisation and payment of expenses and the administration of UnLtd's finances
- The Executive Limitations – which lays out the parameters of the authority delegated to the Chief Executive by the Trustees
- The Fraud Policy – which describes UnLtd's policy on the prevention and detection of fraud
- The Whistleblowing Policy – which lays out the policies and procedures if members of staff wish to report suspected irregularities
- The Child Safeguarding Policy – which sets out our approach, policies and procedures to safeguard children and young people involved in UnLtd's work

UnLtd strives to have the highest standards and has agreed a programme of Internal Audit with its Audit

Committee and Internal Auditors. Through a programme of visits to offices, the Internal Auditors report to the Audit Committee.

Reports are received twice per year and action is agreed with management and the Audit Committee.

e. Connections to a wider network

UnLtd's wider network has continued to expand over the past year, and includes the following funding and delivery partners:

UnLtd's wider network has continued to expand over the past year, and includes the following funding and delivery partners:

- Channel 4
- Accenture
- Actis
- Atlantic Philanthropies
- Big Idea Northern Ireland - Funded by Invest NI and in partnership with Advantage NI
- Big Lottery Fund
- Big Society Network
- Birmingham University, as part of the Third Sector Research Centre
- Bolton Interfaith Council
- Bradford Council
- Bradford Moor Pass
- Bright One
- British Council
- Cabinet Office (as a Strategic Partner with the Social Entrepreneurs Partnership)
- Calouste Gulbenkian
- Capacitybuilders
- Changemakers
- Coin Street
- Comic Relief, through its Sport Relief Programme
- Community Development Foundation
- Coutts
- Culture Group
- Debevoise & Plimpton
- Department of Children, Schools and Families (as a Strategic Partner)
- Department for Communities and Local Government
- Deutsche Bank
- Environment Agency NI
- Esmee Fairbairn Foundation
- European Refugee Fund
- European Regional Development Funds
- European Social Fund
- Fairwood Trust
- Forster
- Fresh Business
- Futurebuilders
- Growing Business
- Guardian Social Enterprise Network
- HEFCE
- Hogan Lovells
- Innovation Exchange
- IoD
- Joseph Rowntree Foundation
- LawWorks
- LEGI funding programmes
- Make Your Mark and the Enterprise Campaign Coalition
- Media Trust
- Media for Development with Mediabox and the First Light Trust
- Middlesex University, as part of the Social Enterprise Research Hub
- Mother
- NESTA

- New Deal for Communities
- Nominet Trust
- NOMs
- PA Consulting
- School for Start Ups
- SHINE, a partnership with Ashoka, Germination, The Hub and School for Social Entrepreneurs
- Shirlaws
- Skoll Centre for Social Entrepreneurship
- Social Enterprise Coalition
- Social Enterprise West Midlands
- Social Entrepreneurship Policy Group Partnership
- South East England Development Agency
- Society Media
- Supper Club
- Thompson Reuters
- UK Border Agency
- UnLtd India and Journeys for Change
- UnLtd South Africa
- UnLtd Thailand
- V
- Virgin Pioneers
- Vodafone UK Foundation

f. Related parties

The Foundation (UnLtd) had five founding Member organisations in 2011

- Bright Red Dot Foundation Limited (trading name Community Action Network, CAN)
- The School for Social Entrepreneurs
- Social Entrepreneurs Network Scotland (SenScot)
- Changemakers
- Comic Relief

A Memorandum of Understanding (MoU) between UnLtd and the founding members was drawn up on 3 May 2001, and forms an appendix to the Governing Documents of the Company.

Ashoka was previously a founding member and resigned in 2005. During the year 2006/7, an agreement was made with Ashoka to cooperate on the selection and support for social entrepreneurs who show high potential for transformative work.

The Scarman Trust was also a founding member of UnLtd. In 2009, The Scarman Trust merged to form Novas Scarman and ceased to be a member.

Scotland UnLtd has a working relationship with First Port. This operates under an interim agreement which is intended to be succeeded by a Memorandum of Understanding.

UnLtd India, UnLtd South Africa, and UnLtd Thailand, are independent agencies operating in an informal fellowship with UnLtd. UnLtd licences the name "UnLtd" to each of these organizations for their respective countries.

UnLtdWorld was an activity of FSE World Ltd until sale of the company to Guardian Media Group during the year. UnLtd has agreed working arrangements as part of the sale and acquisition, including in regard to informing Award Winners of the network, and with a licence for the name "UnLtd" for a limited period.

4. OBJECTS AND ACTIVITIES

a. Objects of the Charity

The objects of the Foundation are:

- The relief of poverty
- The promotion of education and training and
- The advancement of other purposes beneficial to the community

Constitution and Objects of the Millennium Awards Trust

The Millennium Awards Trust is governed by its Trust Deed, made the 29th day of January 2003 between the Millennium Commission and the Foundation for Social Entrepreneurs (UnLtd).

The Objects of the Trust are to relieve poverty, advance education and training, and to promote other charitable purposes beneficial to the community.

The Objects are to be carried out only by awarding grants of money to, and providing services, facilities and other forms of assistance for individuals resident in any country or territory within the United Kingdom of Great Britain and Northern Ireland and the Isle of Man.

Role of the Foundation for Social Entrepreneurs (UnLtd) in the operation of the Millennium Awards Trust

The Millennium Awards Trust Charity operates through its Trustee, the Foundation for Social Entrepreneurs.

The Trustee holds the Endowment on Trust, and shall apply the income arising from the Endowment in furtherance of the Objects.

The Trustee may reimburse itself from the income of the Trust in respect of amounts required for the administration of the Trust.

The Protector of the Millennium Awards Trust

The Protector's fiduciary duty is to ensure the integrity of the administration of the Trust and the propriety of its procedures, and if necessary report matters of serious concern to the Big Lottery Fund, the Charity Commission and, where the Protector considers it appropriate, the Secretary of State.

The first Protector of the Millennium Awards Trust is Patrick Harrington, QC, appointed on the 27th of January 2003 and reappointed on 27th January 2006 and 27th January 2009, with a third three year term of office to run until 26th January 2012. Appointment or reappointment of the Protector of the Millennium Awards Trust is decided by the Secretary of State for Culture Media and Sport.

The Protector shall be entitled to receive from the Trust:

- Reasonable out-of-pocket expenses incurred in carrying out his or her role as Protector
- Reasonable remuneration at a level to be fixed by the Secretary of State from time to time

During the year the Protector received the Agenda and papers for all meetings of UnLtd, the Millennium Awards Trust and Scotland UnLtd. Executive staff held regular meetings with the Protector to advise him on activities, financial performance and future plans. He was also informed of complaints and their resolution. Face to face meetings were held with the Protector during the year. Where required, the Protector's permission to make changes to the Memorandum and Articles of Association of UnLtd and the policies of the Awards scheme was sought and received.

During the period the Protector claimed no out-of-pocket expenses.

The remuneration for the Protector has been set at £5,000 per annum.

Constitution and Objects of Scotland UnLtd

The Charity is governed by its Memorandum and Articles of Association dated 13 September 2002 and is a charity registered in Scotland number SC032445.

The objects of Scotland UnLtd are:

- The relief of poverty
- The promotion of education and training and
- The advancement of other charitable purposes beneficial to the community

The Relationship between the Foundation for Social Entrepreneurs (UnLtd) and Scotland UnLtd

Recognising the constitutional arrangements in the United Kingdom and UnLtd's desire to involve local

people in decision making in the Awards scheme, it was decided to delegate award making powers to Scotland UnLtd, a separate charity registered in Scotland.

To effect this in accord with the terms of the Trust Deed, UnLtd appoints two of its Trustees to the Board of Scotland UnLtd. These Trustees have the power to refer any decision to be taken by Scotland UnLtd to the Board of UnLtd, which has the power to decide on the matter.

The staff of Scotland UnLtd are employed by UnLtd and are seconded to Scotland UnLtd. Local management oversight is arranged under a formal agreement with First Port.

Scotland UnLtd, acting through its Awards Committee, takes decisions on applications for Awards and these are paid directly to Award Winners by UnLtd. Any expenses incurred by Scotland UnLtd in performing this function are met by UnLtd.

Scotland UnLtd is therefore a subsidiary charity of UnLtd.

Changes to the Relationship between the Foundation for Social Entrepreneurs (UnLtd) and Scotland UnLtd

Agencies concerned with social entrepreneurs in Scotland formed a new charity, First Port. First Port has been successful in securing substantial new funds from the Scottish Executive to support start up social entrepreneurs. To maximise benefit for applicants, UnLtd and First Port have agreed to run the two schemes together as seamlessly as possible whilst complying with funding rules and legal requirements. UnLtd will continue to arrange management support for UnLtd staff in Scotland from First Port, and will make an agreement to cooperate with First Port on any additional funds available to support social entrepreneurs in Scotland. Decisions on Millennium Awards in Scotland are made by Scotland UnLtd acting through its Awards Committee and under delegation from UnLtd. It is envisaged that the membership of Scotland UnLtd will be changed to have UnLtd as sole member, subject to an agreement by current members to this change by special resolution.

Alternative name for the Foundation for Social Entrepreneurs

The Foundation for Social Entrepreneurs operates under the trading name UnLtd.

Relationship between the Foundation for Social Entrepreneurs (UnLtd) and the Millennium Awards Trust

The Foundation for Social Entrepreneurs (UnLtd) is the sole Corporate Trustee of the Millennium Awards Trust.

The Protector of the Millennium Awards Trust shall be entitled at any time (after having obtained advice) to appoint an additional Trustee or Trustees to act jointly with the Trustee (the Foundation for Social Entrepreneurs (UnLtd)) or to remove any Trustee (including the Trustee) and appoint new Trustees if he considers such actions to be in the interests of the Trust.

Role of the Chief Executive Officer

The role of the CEO is to provide overall leadership for UnLtd within the policy framework developed by the Board and to be responsible to the Board for the achievement of UnLtd's mission and goals.

b. Charity's aims

UnLtd's mission is to reach out and unleash the energies of people who can transform the world in which they live: we call these people social entrepreneurs.

In pursuing this mission, UnLtd's Board has had regard to the Charity Commission's general guidance on public benefit. Significant activities have been undertaken to further our mission and objects.

UnLtd's primary aim is to distribute Millennium Awards to social entrepreneurs. These Awards are funded by the income generated by the £100 million endowment from the Millennium Commission as a permanent source of grants for individuals throughout the United Kingdom to develop their own skills and talents, and to contribute to the community; the income from the endowment is held by the Millennium Awards Trust, of which UnLtd is the sole Trustee. This legacy is invested as a permanent endowment so that it generates sufficient income to fund UnLtd's Millennium Awards in perpetuity.

UnLtd also seeks to add to these resources, raising further funds to increase the volume and quality of support to social entrepreneurs across the UK, including young people who are not eligible for support from the Millennium Awards Trust.

UnLtd does not just give financial support to social entrepreneurs; Award Winners receive a complete, tailored package of money, training, advice and networking at every stage of their projects. UnLtd also arranges pro bono support from leading professionals and companies, and offers intensive business support and mentoring to the most promising social entrepreneurs through UnLtd Ventures.

UnLtd creates public benefit by inspiring and supporting people to become social leaders, developing their skills and confidence to create social or environmental benefit, encouraging others to follow their example, helping people to create new social ventures and social innovations, and helping some of these achieve large scale social and economic impact. UnLtd also offers volunteering opportunities which help people gain work related skills.

UnLtd awards are open to application by social entrepreneurs from all backgrounds. Specific work has been carried out to extend the age range covered. Benefit is therefore made to the public.

UnLtd is also committed to conducting research into the impact of the awards which are made (for details of research carried out, please refer to section 4e. significant activities). The research findings demonstrate the benefits to the public of our work.

c. Objectives for the year 2010-11

UnLtd's key objective during the year 2010-11 was to develop and agree a new five year strategic plan, whilst continuing to provide direct support to social entrepreneurs and to increase the numbers helped and the quality of support offered. Our initial intent had been to conclude the strategy by the start of the financial year. However the timing of the UK general election and the rapidly changing environment made it wiser to set the timetable back 6 months. 2010-11 was therefore an interim year for our strategic planning and objectives.

Work on preparing the new plan included research and analysis of existing findings, internal consultation, a stakeholder consultation conducted by an independent interviewer, co-design seminars with social entrepreneurs and key policy makers, a policy report commissioned from ResPublica, and extensive development work to build a credible but challenging plan for the coming 5 years. We are very grateful to the many people who contributed their views and experiences to this project.

d. Charity's strategies

The new strategy for UnLtd covers the period 2010 to 2015 and is set out in section 7a. It is based on the success of the core model, supporting social entrepreneurs to start up and scale up, and on our best analysis of the environment and our capacities.

A progress report on the first six months of the strategy is set out in section 5a.

e. Significant activities

UnLtd has pursued activities to further our mission and objects and to achieve identifiable benefits to the public.

New awards programmes

During the year, UnLtd ran a number of programmes of awards in specific theme areas, thanks to external funding received.

A scheme of Higher Education Social Entrepreneurship Awards was run with support from HEFCE. This provided cash and support for social entrepreneurs from Higher Education Institutes across England – whether students or staff. Designed to create a culture of social entrepreneurship within England's HEI's, and to encourage staff and students to develop spin-out social ventures, it tapped a fertile pool of talent and commitment for social improvement.

The Nominet Trust supported UnLtd to offer the Better Net Awards, aimed at social entrepreneurs making

the internet a better place. This scheme covers a wide range of social entrepreneurs operating in the fields of digital inclusion, internet safety, and positive social use of the web. It added to the previous work supported by Channel 4's 4iP programme, backing social entrepreneurs developing public service media projects.

UnLtd has worked for some time on the possibilities of social entrepreneurship by and for older people, recognising the demographic trends in our society and the relatively small number of older candidates in our core MAT scheme. During the year UnLtd worked with Bradford Council on a highly useful pilot programme. Two further schemes have been launched in 2010: one in Northern Ireland thanks to support from the Atlantic Philanthropies, and a fellowship programme in partnership with the Calouste Gulbenkian Foundation.

Many social housing providers are concerned to address the social challenges facing their tenants. Affinity Sutton Group have supported UnLtd to pilot working with young people on their estates in two regions, to become social entrepreneurs in their communities. This has proved successful and offers a model which could be extended in the future.

Work with the Department of Environment in Ireland has focussed on supporting social entrepreneurs to address road safety issues allowing local communities to take a lead on developing ideas to address road safety issue in Northern Ireland.

The recession and withdrawal of public services will have a deep and lasting effect on communities. A new model of support for community led social ventures who can respond is being delivered through a partnership programme with the Joseph Rowntree Foundation, and Bradford Council.

Expanding support for community entrepreneurs

The recession and public spending cuts mean that people are needed to step forward and deliver solutions to need now more than ever. Whilst the support ecology for social ventures in the UK is vibrant, it can still only reach around 1% of people who want to start up a social venture. Reaching out to and supporting more social entrepreneurs means expanding the levels of support, and the number of agencies who are able to offer effective support.

This year we have embarked on a bold work programme, as part of our future strategy to help expand the eco-system of support for community entrepreneurs. The aim is to identify and help locally based organisations who share our vision and values to find, fund and support community entrepreneurs themselves.

Two pilots are being run in Bradford and Bolton, working with local partner agencies funded by the NESTA Neighbourhood Challenge. Our role as a delivery partner in the Big Local Trust will enable us to identify and support local partners in the most deprived parts of England over the next ten years. Further work is underway with housing associations. In addition to working with local partners, we will also support community entrepreneurs directly.

Young UnLtd

UnLtd has been supporting young people aged 16 and up since it was founded in 2002. In 2005 we sought to broaden this work and launched The Big Boost. Funded by The Big Lottery Fund, the Big Boost enabled us to support young people aged 11 and up through a partnership with The Prince's Trust, Changemakers and the Scarman Trust.

Recognising the pool of untapped talent and the range of new ideas that emerged from this age group UnLtd has continued to support young social entrepreneurs from 11 and up to the present time. This area of our work has been called Live UnLtd since April 2010.

This work is supported and backed by our trustees and external funders.

In 2010/11 we brought together our youth programmes to make the world's largest initiative for Young Social Entrepreneurs. This will act as an umbrella support structure for our future work with young people and is now known as Live UnLtd.

UnLtd Ventures

During the last year UnLtd Ventures provided a range of business consulting and financial support to inspiring social entrepreneurs. A significant number of social entrepreneurs, including many Level 2 Award Winners were supported. Most of this support focused on growth, sustainability and capacity building for the entrepreneur and their work. Further Ventures clients were provided with awards accompanied by intensive support as a continued part of our pilot Level 3 award scheme.

Some of the types of support provided by UnLtd Ventures includes:

- Running legal workshops for Level 2 award winners
- Developing financial models to assist entrepreneurs with their pricing, staffing and growth decisions
- Helping entrepreneurs refine and strengthen their skills in preparing business plans and marketing strategies

In addition to the direct support delivered by Ventures' staff, its UnLtd Connect programme of external mentoring and pro bono networks of support has been a rapidly growing resource for award winners. This programme was created in 2008/09 as a network of individual mentors looking to support social entrepreneurs. It has now grown to include paying corporate clients, placing their staff with selected high potential award winners to provide additional support, often around their particular professional niche.

The UnLtd Advantage investment readiness programme completed its second year of operation, supported by the Millennium Awards Trust, NESTA, Esmee Fairbairn, Hogan Lovells LLP, Deutsche Bank and a private donor. The aim of the programme was to help plug a well defined gap in support available to those who are able to take their work to substantial scale – the provision of investment readiness support to prepare people to be credible investments for the expanding institutional social investors, looking to invest £250,000 or more in social ventures. From 186 applications, 8 social entrepreneurs successfully raised external funds totalling approximately £2.7m. Our first year's experience confirmed that a key gap in the social investment market needs to be filled before a more efficient social investment capital market can emerge: a shortage of early stage and high risk "angel" funding. This led to the creation of Big Venture Challenge, a £2.2m programme supported by Big Lottery Fund, which is aimed at finding and supporting 25 social entrepreneurs with rapidly scalable ventures and then introducing them to both existing and potential angel investors. The programme will formally launch in May 2011, and will hopefully prove catalytic in the early stage/angel space for social investment.

The Director of Ventures was seconded part time to NESTA to support their work on Big Society Finance Fund, a pilot for products and services that could be administered by the forthcoming Big Society Bank, as part of UnLtd's strategy to support the wider social entrepreneur ecosystem. This work resulted in 4 investments and two seminal pieces of research into the social investment market place. The Interim Big Society Bank Investment Committee has since been created, and again the Director of Ventures has been asked to assist with its efforts.

UnLtd Research and Policy

UnLtd Research measures the impact of UnLtd's work, the impact of our Award Winners on their communities and conducts research into the needs and experiences of social entrepreneurs. Our aim is to use the findings these generate to improve our programme delivery and to inform future developments of our activities. We believe social research should inspire action and social change and we are committed to using our findings to inform public policy, academic thinking, practitioner knowledge and the growth of the sector. During 2010-11 there were three key areas of activity. In summary these were:

- leading on the strategic projects, including at the start of the year the Strategic Review which informed the development of an exciting and challenging 5 year strategy, followed by the 3 year evaluation for the Product Review.
- delivery of research and evaluation for 11 projects across the organisation, improving the quality of these pieces of work and our overall approach to research methodologies, resulting in timely and influential publications.
- development of the impact programmes for three areas of UnLtd's work, a new approach for delivering clear and attributable impact from UnLtd's delivery, research and evaluation activity as well as development of the policy function to inform thinking and debate of the role of social entrepreneurs during a highly active political period.

Strategic Projects

Following on from the strategic review, we commissioned Sidekick Studios as part of our MAT funded 3 year evaluation to undertake a piece of work to assess whether our current products are fit for purpose for the needs of social entrepreneurs in the UK today. The results of this work are available online alongside our response at http://unltd.org.uk/download/Ext_Evaluation_Product_Review.pdf.

Research and Evaluation

The research team were involved in designing and delivering 11 research and evaluation projects. These covered our multitude of programmes informing our understanding of social entrepreneurs from diverse backgrounds, including older and younger social entrepreneurs, and working in diverse areas, such as in higher education or urban regeneration. Previous streamlining of methodologies and evaluation approach has enabled the team to deliver timely reports to our funders, as well as create high level publications for the organisation. These publications include the second and third issues of our Findings Series.

Social Entrepreneurs: Realising Success
<http://www.unltd.org.uk/download/RealisingSuccess.pdf>

Young Social Entrepreneurs: Learning by Doing.
http://www.unltd.org.uk/download/unltd_research_series3.pdf

We continue our partnership with Middlesex University on the ESRC CASE studentships researching older social entrepreneurs. The emerging findings of which will be due for release in the next financial year. There will be a continued stream of findings and evidence from the ongoing programmes of work.

Policy development

During 2009 it became clear that the UK faced major public spending cuts, which would put pressure on disadvantaged people and which could potentially damage social cohesion. It also became clear that social enterprise and community organisations could be significant ways of addressing these challenges. UnLtd supports large numbers of people creating such organisations.

In response, UnLtd developed the SocialFuture programme, to collate evidence about social entrepreneurs and their impact, and to provide opportunities for social entrepreneurs to meet policy makers and key stakeholders, to articulate their views and explain their work and the barriers and opportunities they encountered.

The outputs of this programme include a research findings paper, a policy report produced by Respublica (The Venture Society), seminars, creative workshop sessions, and discussions with politicians and other major decision makers. All the outputs can be viewed on www.unltd.org.uk/socialfuture.

UnLtd will continue to engage with all sectors involved in what has become known as the Big Society agenda, contributing information and learning from our experience of working with early stage social entrepreneurs, and providing opportunities for their experiences to be heard and to influence decision making.

During 2010-11 UnLtd continued this work, with a series of seminars and surveys and responses covering:

- Barriers to scaling up
- The regulatory environment
- Community entrepreneurship
- The impact of the recession and public spending cuts on social entrepreneurs
- Development of the social investment market
- Social entrepreneurship in higher education
- Routes to market for social entrepreneurs
- Social entrepreneurs and the role third sector innovation
- Social entrepreneurs approach to breaking the cycle of re-offending

During 2010-11 we have experimented with delivering a range of activities around our delivery, taking the ongoing learning from evaluations of the delivery to inform workshops, learning journeys and policy events. We have called these our impact programmes.

The three impact programmes active in 2010-11 are with Live UnLtd, Engage and the HESE programme. Activities have varied by programme, including the publication of policy recommendations, breakfast seminars, engaging with practitioners and policy makers of interest in key fields and policy workshops. The shift of focus is for creating change at a deeper level, beyond sharing of information or responding to consultation. Largely experimental at this stage, we will be able to test the efficacy of the work and learn which approaches create the highest impact.

Our strategy commits UnLtd to develop and share the learning from our work to benefit the wider ecosystem of support for social entrepreneurs

Staffing

Over the past year, UnLtd has employed an average of 73 staff, compared to 58 in the previous year. All staff receive an ongoing programme of training and development.

Outreach and Marketing

During the year, Awards and Programmes Directors have continued to develop partnerships through outreach and networking meetings and events, in order to make UnLtd better known within local communities throughout the UK. Marketing materials were distributed widely, and our presence at relevant conferences and events was expanded.

In 2008/09, UnLtd reviewed its marketing strategy. The review identified that our challenge was to create understanding about social entrepreneurs rather than simply to raise awareness, as the concept is still not widely understood in the UK. It highlighted two areas of marketing as priorities, in order that the benefit of our work can reach all relevant members of the public:

- a. in depth understanding within the sector, covering potential funders, partners and decision makers, in order to increase support and resources for UnLtd and our cause; and
- b. outreach to specific groups of potential applicants, both to address gaps in response to the core Millennium Awards Trust scheme, and to attract the groups of applicants relevant to externally funded schemes

The review also examined resources and delivery arrangements for marketing and communications. It recommended that better value could be obtained by bringing marketing activity and budget together into a single function. These recommendations were pursued in 2009/10 by appointment of Culture Group under contract as UnLtd's marketing service.

In 2011-12 we intend to review our brand language and product names, following a review of our awards programmes and services to social entrepreneurs.

f. UnLtd Connect

UnLtd Connect aims to work in partnership across sectors and foster relationships between social entrepreneurs, professionals and peers.

Clients that pay for Connect services and provide people, time and expertise include Actis, Deutsche Bank and Ernst & Young.

Our pro bono partners that provide people, time, expertise and venues include Addleshaw Goddard, DLA Piper, Good Beta, Hogan Lovells, i-ProBono, Law Works, PA Consulting, Thomson Reuters Foundation, The Value Engineers and individual volunteer mentors.

Connect Metrics & Financial Value for the financial year

- Number of Matches(1:1 support relationships) = 234 , Financial Value approx. £664,200
- Number of Events (training workshops and clinics) and Participants = 15 workshops and 40 legal clinics with approximately 196 participants, Financial value approx. £96,000
- Number of Free Venues = 19 free venues, Financial value approx. £10,050
- Number of Award Winners supported: 170
- Number of Volunteers engaged: 145

TOTAL VALUE OF CONNECT WORK: approximately £770,000

Rationale for counting financial value

- Each match is valued at two days worth of volunteer time, rate: £800 per day = £1600 per match
- Each match with a law firm is valued at £8000 per case
- Venues valued at £500 per site

g. Main policies and procedures

In developing its policies and procedures, UnLtd's Board has had regard to the Charity Commission's general guidance on public benefit. Our approach is designed to further our mission and objects to deliver identifiable benefits to the public.

Award Making Policy

UnLtd Millennium Awards are for people:

- Over the age of 16
- Resident in the approved territories (essentially the UK)
- Who are applying as an individual or informal group
- Who want to run projects:
 - ✓ That benefit the public or a community in the UK
 - ✓ That need an UnLtd Award to ensure success
 - ✓ That offer a learning opportunity for the applicant(s)
 - ✓ That are a new initiative

The Awards Scheme has 3 principal levels of Awards:

Level 1 Awards range from £500 to £5,000. Level 1 Awards are designed for people wishing to develop their ideas into real projects.

Level 2 Awards range from £5,000 to £15,000 plus more intensive support and connection to pro bono mentors and advisers. Level 2 Awards are designed for people with previous social entrepreneurial experience.

Level 3 Awards of up to £20,000 plus highly intensive support and connection to pro bono mentors and advisers, are intended for high potential social entrepreneurs whose work could be transformative but who require sustained support to achieve their full value.

Most of our other schemes, funded with external resources, follow a similar pattern of levels, with an additional "Level 0" small award scheme used for people trying out a social entrepreneurial project. Details of the latest position on all schemes are available on our website.

Equal Opportunities Policy

UnLtd is committed to the adoption and implementation of equality of opportunity in all its activities.

UnLtd is an Equal Opportunity Employer. UnLtd will take every step to ensure that it does not discriminate on the grounds of gender, marital status, race, colour, nationality, ethnic origin, religion, disability, age or sexual orientation. Every possible step will be taken to ensure that staff, clients, partners, suppliers and any other person with whom we have dealings are treated fairly and equally and that decisions on recruitment, selection, redundancy, dismissal, training, promotion, career management, collaborations, take-up of our services and selection of suppliers are based solely on objective criteria.

In the event of a grievance of any nature members of staff should refer the matter to their manager or in exceptional circumstances to the manager's manager. UnLtd will promptly and thoroughly investigate any allegation of discrimination and harassment and initiate whatever action is appropriate to deal with the allegation and to prevent recurrence.

Each and every member of UnLtd is responsible to ensure that this policy is implemented and the spirit of equal opportunity is adopted throughout the organisation.

The CEO is responsible for ensuring equal opportunities data is collected and analysed and for monitoring and evaluating the effectiveness of this policy.

This policy is reviewed on an annual basis by the senior management team and reported to the board of Trustees.

Remuneration Policy, the Report of the Remuneration Committee, Allowances and Gifts

Remuneration Policy

In determining rewards for its employees, UnLtd must make judgements that balance a number of, at times, contradictory factors. The choices will often not be easy. Therefore the reward philosophy has been developed to be a tool to facilitate the achievement of UnLtd's aims and objectives. The principles will provide a framework within which, and benchmark against which, all UnLtd's Remuneration Policies and Practice can be set, monitored and evaluated.

UnLtd's remuneration policy is based on the following principles.

Principle 1: The remuneration package offered by UnLtd should be fair, open, objective, responsible and effective, in keeping with UnLtd's values and status as a charity, and in keeping with the fact that UnLtd's income derives largely from public and charitable sources.

Principle 2: The remuneration package offered by UnLtd should enable it to recruit and retain the high calibre staff required to achieve its aims and objectives.

Principle 3: The reward package offered by UnLtd should take account of salaries in the markets from which it recruits its staff.

Principle 4: UnLtd regards the opportunity to contribute to major social change in our society as a reward in itself.

Principle 5: The remuneration package should provide equal reward for equal contribution to the achievement of UnLtd's aims and objectives.

Principle 6: UnLtd will expect to invest in the development of its people where this contributes to the achievement of UnLtd's objectives and the reward package should provide opportunities for learning and development.

Conflict of Interest Policy

UnLtd recognises that there are two forms of potential conflicts of interest that may arise:

- Where a Trustee or member of staff has a direct personal interest in a payment made by The Trustee (UnLtd); and
- Indirect personal interest where a payment is made by the Trustee (UnLtd) to an organisation/individual with which a Trustee/employee/adviser has a relationship, either as employee, trust or in some other way e.g. donor.

Direct conflicts of interest

Any such payments must be notified to the Protector and sanctioned by the Charity Commission in the absence of an express power in the Memorandum and Articles of Association to make such payments.

Indirect conflicts

Any payment or relationship that could give rise to an indirect conflict of interest must be brought to the Board. Before the matter is discussed by the Board, the Trustee concerned must declare his or her Conflict of Interest and shall be entitled to participate in the discussion on the matter but shall not be entitled to vote. If necessary the Trustee involved shall absent him or herself from the meeting for the duration of the discussion, if asked to do so by the chairman of the meeting.

At each stage where a decision is made in either the Awards assessment and selection procedure or the procedure for determining the support to be provided to Award Winners, those participating as panel members must sign the declaration on each form to confirm that they have neither a private or pecuniary interest in the applicant.

In addition to the above, UnLtd will adhere at all times to Clause 11 of the Trust Deed. Specific detailed guidance is also provided to staff and Trustees in respect of interests relating to award applicants and winners.

Proactive declarations of interest

During the year, the board reviewed the policy on interests in respect of trustees and senior staff. It was agreed that people in these influential positions should make an annual proactive declaration of interests in a standard form, in addition to stating any additional interests which may arise during the year and in the course of the charity's business. This policy was put into effect in March of 2011 and the declarations form part of the register of interests.

Register of Interests

A Register of Interests is maintained by the Director of Finance and is available for inspection at 123/127 Whitecross Street, Islington, London, EC1Y 8JJ

Complaints Procedure

UnLtd's Complaints Procedure is as follows:

- 1 The purpose of UnLtd's Complaints Procedure is to investigate complaints made by individuals, to resolve the issues raised, and to enable us to learn from any mistakes and to improve our services. All complaints are taken seriously.
- 2 The Complaints Procedure is designed to try and resolve complaints locally to the satisfaction of the person complaining. If you have a complaint you should telephone or write to the Awards Director for your area.
- 3 The Awards Director will deal with your complaint promptly and you should receive an acknowledgement of your complaint within 5 working days of it being received.
- 4 The Awards Director may need a little time to investigate the matters which are raised but usually you will receive a reply within 2 weeks.
- 5 If, having received a reply from the Awards Director, you are still not satisfied you should write to the Chief Executive of UnLtd.
- 6 The Chief Executive will acknowledge receipt of your complaint within 5 working days. He will then investigate your complaint and will reach a decision on action to be taken, usually within 2 weeks. He will write to you and let you know his decision.
- 7 The decision of the Chief Executive is final. He will also report all complaints to the Board of Trustees every three months and they may choose to review both the complaint and the Chief Executive's decision.
- 8 There is no right of appeal against decisions taken by the Board of Trustees on individual applications for Awards.
- 9 If at any stage your complaint is upheld we will apologise and provide an explanation. We will also provide an assurance that the same thing will not happen again and take action to put things right.

During the year 3 complaints were received. Complaints related to delays in processing applications, lack of adequate information and dissatisfaction with reasons given for applications not being approved. All complaints were either resolved or withdrawn.

Employee Consultation Policy

UnLtd is committed to consulting and informing its staff on proposals and developments and does so through:

- Annual staff development meetings
- Annual staff conference
- Monthly team briefings held in all offices
- Bulletins from the Chief Executive

UnLtd is of a modest size at present; if there is future growth consideration will be given to introducing a staff consultative forum.

Business Continuity Strategy

It is the policy of UnLtd to protect the assets and records of the organisation and to ensure the well-being and safety of its employees in the working environment. As part of this policy, UnLtd provides and maintains a Business Continuity Plan to cover the restoration of the service and functions carried out at London Headquarters following a disaster of sufficient magnitude to affect the day to day operation of the organisation, either as a whole or in part.

Risk Management Strategy

UnLtd has a structured approach to risk management, supported by a Risk Management Strategy which:

- focuses on high risk areas of the operations, not just financial risks
- helps managers to find improved ways of working and of achieving the Charity's objectives
- focuses on current operations, identifying future actions and management responses to identified risks
- cuts across departmental boundaries, looking at charity-wide issues
- develops knowledge of controls among managers to manage identified risks and eliminate pointless procedures

The Chief Executive is responsible for conducting a comprehensive risk analysis from which the Risk Management Strategy is produced. The Audit Committee first considers this and makes recommendations thereon to the Board.

UnLtd maintains a risk register, which it reviews annually. The risk register is used by management to manage key risks and is also used to inform the internal audit planning process.

Investment strategy

UnLtd's Investment Strategy is outlined in section 6.d.

5. ACHIEVEMENT AND PERFORMANCE

a. Performance achieved against objectives set (for further information on each of these objectives see section 4c and 4e for significant activities).

Performance towards the new 5 year strategy objectives

More information regarding the strategy is provided in section 7a.

<i>We will focus on three strategic approaches over the coming 5 years:</i>	
Backing people as social entrepreneurs in their communities, creating social value through large numbers of people developing many community level ventures, building a movement for social action	Consultation and design work has been carried out to develop our model. Funds for 2 pilot sites have been obtained from NESTA's Neighbourhood Challenge Scheme, and 2 trial programmes have been secured from the ASG housing association. UnLtd is a core partner of the preferred provider consortium for the Big Local Trust.
Helping social entrepreneurs with high potential for growth to scale up their ventures to meet the huge challenges facing our society, including the recession and public spending cuts – both public service oriented social enterprises and social businesses	UnLtd developed the Big Venture Challenge model and successfully raised funds for it from the Big Lottery Fund's People Powered Change Programme, with additional pro bono support from a range of leading companies. UnLtd has also carried out work on social venture intermediaries and social investment in partnership with NESTA and the Big Society Bank team.
Helping to develop the social entrepreneur support sector into an effective system of help which makes it much easier for social entrepreneurs to get going and thrive	Our work listed above is a key part of this. In addition, UnLtd is a strategic partner of the Office for Civil Society as part of the Social Entrepreneurs Partnership, and of the Department of Communities. UnLtd carried out a number of social future seminars during the year to inform developments on deregulation and scaling up for social ventures.
<i>We expect to work on these approaches through five main developments in our methods:</i>	

Enhancing our support offer and developing the range and balance of award types we offer, learning from experience and research, to help social entrepreneurs achieve their full potential	During the year UnLtd conducted work on process simplification, piloted Salesforce as a new awards database and CRM system, commissioned Sidekick Studios to carry out the 3 year evaluation of the impact of our grant making, and conducted workshops on improvements to our awards schemes and services.
Developing partnerships and assisting other agencies to deliver effective support to social entrepreneurs, so that the scale and impact of our work can be enhanced	UnLtd has formed strategic partnerships on community entrepreneurs, scaling up and social investment, policy and research.
Improving and sharing our knowledge of what works in supporting social entrepreneurs, through innovation , piloting, research and development	During the year, work commenced on developing a theory of change for social entrepreneurs and support to them. We published reports on Realising Success and Young Social Entrepreneurs, and also conducted our second annual survey of social entrepreneurs. All UnLtd surveys, evaluations and co-design seminars are published on our website.
Developing networks and continuing relationships with social entrepreneurs, for peer to peer learning and support, and providing platforms for social entrepreneurs to describe their experiences and work	UnLtd has initiated work on development of an alumni system for award winners, and has commenced pilots for young people and in one major town.
Focusing our fundraising and development activity on these strategic priorities	UnLtd's development efforts this year have focused on community entrepreneurship and scaling up, with significant success.
<i>We will need to build the capacity and culture of UnLtd to achieve this strategy:</i>	
Building a brand which is known and understood by people who want to start a social venture so they can find help easily and feel confident to start up and grow	Work on brand development is scheduled for 2012 after our review of awards programmes and support services. Meanwhile awareness of our support has been boosted for young people through Live UnLtd, and for high growth social entrepreneurs through the Big Venture Challenge
Ensuring all our work is informed by the experiences and journeys of social entrepreneurs	Social entrepreneurs have been actively involved in our work and developments through a series of co-design events, surveys and evaluations. Two former award winners are trustees of UnLtd
Continuing to find, support and fund early stage social entrepreneurs	The numbers and range of social entrepreneurs supported are described in the statistical report below.
Building an infrastructure capable of supporting the scale of opportunity offered by social entrepreneurs	UnLtd has formed strong partnerships during the year both with community development agencies and with social investors. In 2011 we will conduct a review of our core awards and support products.
Build an open, challenging and solution focused culture , internally and with our partners, applicants and award winners	All our strategy work has been conducted with active involvement of staff, funders, supporters and social entrepreneurs, through consultations, co-design events, and bulletin boards.

Millennium Awards Trust Awards Applications and Analysis

In the period, 1,896 applications were received. Of these applications, 606 Level 1 Awards (642 Award Winners), 31 Level 2 Awards (33 Award Winners) and 3 Level 3 Awards (3 Award Winners) have been made. In total £1,795,562 was expended on Awards. Awards payments are made in a minimum of two instalments (except Level 3). All award instalments committed but not yet made are accrued and shown on the balance sheet.

Externally Funded Awards

In the period, 1,237 applications were received. Of these applications, 575 Level 0 / 1 Awards (623 Award Winners) and 34 level 2 Awards (43 Award Winners) have been made. In total £1,967,421 was expended on Awards. Awards payments are made in a minimum of two instalments. All award instalments committed but not yet made are accrued and shown on the balance sheet.

For both Level 0 / 1 and Level 2 / 3 Awards

Number of application enquiries received as expressed in the number of application packs dispatched:

During this period approximately 5,000 Level 1 application packs were distributed, either directly to enquirers, at funding fairs and by other organisations.

Number of applications received:

MAT

At Level 0 / 1: 1,800 applications were received, of which 606 were awarded to 642 individuals.

At Level 2 / 3: 96 full applications were received, of which 34 awards were awarded to 36 individuals.

Ratio of successful to total applications:

34 % at Level 0 / 1

38 % at Level 2 / 3

The success rate at Level 1 has decreased from 42% in the previous year to 34% and the success rate at Level 2 has increased from 37% in the previous year to 38%.

Total grant commitment on Awards as a percentage of total grants available for distribution is 92.7% for the Millennium Awards Trust (MAT)

Non-MAT (Externally Funded Awards)

At Level 0 / 1: 1,153 applications were received, of which 575 were awarded to 623 individuals.

At Level 2 / 3: 84 full applications were received, of which 34 awards were awarded to 43 individuals.

Ratio of successful to total applications:

50% at Level 0 / 1

40% at Level 2/3

The success rate at Level 1 has changed from 51% in the previous year to 50% and the success rate at Level 2 is 40%.

Processing information

Average processing time – from receipt to notification of decision:

The average time to process applications from date of receipt until date of final decision by the Awards Committee (Board) was 6 weeks for Level 1 and 8 weeks for Level 2. This figure can rise to a maximum of 10 weeks during August and Christmas periods, when there are no award rounds.

Average time taken to process grant claims from receipt to payment:

UnLtd's Finance department runs award payments at the end of each month. For an Award Winner to receive payment they must have submitted all relevant paperwork (e.g. references, signed contract, bank and payment detail forms and police checks where appropriate). The amount of time this can take varies as it is the responsibility of the Award Winner (and their referees) to provide this information to UnLtd: it has taken 6 months for some Award Winners to be ready for payment whilst others take only a month. The average time taken for this process is 2 months. Payments are usually made within the month when all paper works including references and CRB checks (if applicable) have been completed.

Financial information

Average cost of processing an application:

£664 per application, including staff and IT costs.

Awards not taken up as a percentage of Awards offered (including withdrawals):

During the period 153 Award Winners; 102 award winners from MAT programmes, 51 award winners from externally funded programmes withdrew or had their award withdrawn, equivalent to 6.9% of the total value of awards committed.

Number of Awards where monitoring has revealed fraud or suspected fraud:

0 case of fraud were reported in the period.

Geographical and demographic distribution of Awards

Indicators to show the distribution of Awards by theme or project type:

(Level 0, 1, 2 & 3)

Aim of Project **	MAT Percentage	Non- MAT* Percentage
Campaigning an issue	12.7	18.7
Organising a service	85.3	81.3
Organising an event	5.6	11.4
Passing on skills	39.7	48.2
Other	4.9	4.7

Category of Project **	MAT Percentage	Non-MAT* Percentage
Environment	11.6	14.8
Health	17.2	19.2
Community & Social	58.9	61.1
Science	0.7	1.8
The Arts	10.0	15.3
Sport (see below)	3.8	4.1
Education	16.5	29.0
Refugee/Asylum Seekers	2.0	4.4
Disabled People	8.3	6.2
Children/Young People	31.7	24.6
Older People	4.9	12.7
Lone Parents	1.1	1.3
Mental Health	10.0	6.2
Ex-offenders	4.5	1.8
Other	14.1	12.4

**Excludes Sport Relief*
*** not mutually exclusive*

Category of Project (Sport Relief) **	Percentage
Disabled People	5.8
Young People (11-25)	51.6
Elderly	2.1
Offenders/Ex-offenders	2.7
Alcohol/Drug Misusers	8.5
Rural Communities	8.0
BME Communities	6.9
Women	2.1
Children (0-10)	13.3
In Care/Leaving Care	4.8

Lone Parents	1.1
Mental Health	3.2
Homeless	0
Urban Communities	13.8
Refugee/Asylum Seeker	4.3
Other	2.7

** not mutually exclusive

Indicators to show the distribution of Awards by age, gender, ethnicity and disability:

MAT (Level 0, 1, 2 & 3)

	Successful applicants Percentage	Unsuccessful applicants Percentage
Age		
Under 18	0.2	0.6
18-25	12.7	14.3
26-36	29.5	31.4
37-47	31.7	31.0
48-58	20.5	14.0
59+	5.1	4.1
undisclosed	0.3	4.6
Gender	Percentage	Percentage
Male	52.2	45.9
Female	47.5	50.3
undisclosed	0.3	3.8
Ethnicity	Percentage	Percentage
White, English	49.8	33.7
White, Scottish	7.1	4.7
White, Welsh	5.6	2.5
White, Irish	5.1	2.8
White, Other	6.5	6.5
Asian or Asian British, Indian	2.9	2.1
Asian or Asian British, Pakistani	3.6	2.2
Asian or Asian British, Bangladeshi	0.2	0.6
Asian, Other	0.4	1.0
Black or Black British, Caribbean	5.6	14.1
Black or Black British, African	2.5	15.9
Black or Black British, Other Black	0.7	1.5
Chinese	0	0.1
Other Ethnic	0.4	0.4
White & Black	1.3	1.0
White & Asian	1.3	0.4
White & Black African	0.2	0.7
Other mixed	2.0	2.5
undisclosed	4.8	7.3
Disability	Percentage	Percentage
Disability	9.2	5.0
No Disability	90.6	91.3
undisclosed	0.2	3.7

Non-MAT (excluding Sport Relief)

	Successful applicants Percentage	Unsuccessful applicants Percentage
Age		
Under 18	0.8	0.3
18-25	25.4	22.8
26-36	28.8	36.7
37-47	19.7	17.0
48-58	16.6	14.1
59+	8.0	5.1
undisclosed	0.7	4.0
Gender	Percentage	Percentage
Male	47.4	54.0
Female	52.1	42.1
undisclosed	0.5	3.9
Ethnicity	Percentage	Percentage
White, English	42.7	37.0
White, Scottish	2.8	3.5
White, Welsh	3.1	1.6
White, Irish	6.7	2.9
White, Other	6.2	7.1
Asian or Asian British, Indian	4.4	6.1
Asian or Asian British, Pakistani	2.1	1.0
Asian or Asian British, Bangladeshi	0.5	0.3
Asian, Other	1.6	1.9
Black or Black British, Caribbean	4.4	6.8
Black or Black British, African	6.5	12.5
Black or Black British, Other Black	0.5	0.3
Chinese	0.8	0.6
Other Ethnic	0.5	1.9
White & Black	0.5	1.0
White & Asian	1.0	1.0
White & Black African	0.8	0.6
Other mixed	1.0	1.9
undisclosed	13.9	12.0
Disability	Percentage	Percentage
Disability	4.1	6.1
No Disability	95.3	90.0
undisclosed	0.6	3.9

Non-MAT (Sport Relief)

	Successful applicants Percentage	Unsuccessful applicants Percentage
Age		
11 – 16	3.2	0.0
17 – 18	16.7	12.5
19 - 25	57.1	53.1
25+	23.0	34.4
Gender	Percentage	Percentage

Male	55.1	59.4
Female	44.9	40.6
Ethnicity	Percentage	Percentage
White, English	29.5	28.1
White, Scottish	12.2	12.5
White, Welsh	9.6	6.3
White, Irish	1.9	9.4
White, Other	1.9	0
Asian or Asian British, Indian	3.2	0
Asian or Asian British, Pakistani	1.9	9.4
Asian or Asian British, Bangladeshi	1.3	0
Asian, Other	3.2	0
Black or Black British, Caribbean	8.3	9.4
Black or Black British, African	6.4	6.3
Black or Black British, Other Black	0.6	0
Chinese	0	0
Other Ethnic	0	0
White & Black	2.6	3.1
White & Asian	0.6	0
White & Black African	2.6	0
Other mixed	2.6	6.3
undisclosed	11.6	9.2
Disability	Percentage	Percentage
Disability	1.9	0
No Disability	98.1	100.0

Monitoring information

Individual Award Winners to successfully complete their award projects:

During this period 795 Award Winners have completed their projects.

Individual Award Winners to complete Awards projects on time:

Whilst UnLtd states that Awards should generally be completed within one year this is not a rigid benchmark. Officers encourage Award Winners to conclude their project within an agreed timescale to meet their own needs and that of the project.

Satisfaction rating among award winners:

This is information only collected at the end of an award, therefore the below table shows the satisfaction rating of Award Winners who have completed their Awards during this period (MAT Awards).

Statement	Response rate	Not at all useful (of those responded)	Satisfactory (of those responded)	Very Useful (of those responded)
Networking with other entrepreneurs	70.2%	11.6%	43.0%	45.4%
Support and encouragement from Development Manager	72.1%	2.5%	21.4%	76.1%
UnLtd's Website	67.6%	21.5%	59.4%	19.1%
Mentor (other than Development Manager)	51.0%	24.1%	36.0%	39.9%
Awards day	64.3%	9.4%	46.1%	44.5%
Project shaping meeting/ meetings at the beginning of my project	68.4%	4.3%	34.0%	61.7%
Transitioning Meeting/ meetings at the end of my project	55.6%	12.0%	40.8%	47.2%

Progression between levels of awards MAT

% of Level 1 award recipients to receive a Level 2 Award:

There were 31 Level 2 awards made through the spring and autumn Level 2 competitions in 2010. 18 of these, or 58%, were former Level 1 Award Winners.

% of Level 2 awards recipients to receive a Level 3 Awards

There were 3 Level 3 Award Winners in 2010-11. All were previous UnLtd Level 1 or Level 2 Award Winners.

LEVEL 0	Total awards	Withdrawn	Adjusted totals
Amount	£0	£2,150	-£2,150
No of Award Winners	0	5	0
No of awards	0	5	0
No of group awards	0	0	0
No of individual awards	0	0	0
Average per Award Winner		£430	-£430
LEVEL 1			
Amount	£3,148,635	£275,272	£2,873,363
No of Award Winners	1,265	186	1,079
No of awards	1,181	148	1,033
No of group awards	160	26	134
No of individual awards	1,021	122	899
Average per Award Winner	£2,489	£1,480	£2,663
LEVEL 2			
Amount	£831,772	£0	£831,772
No of Award Winners	76	0	76
No of awards	65	0	65
No of group awards	8	0	8
No of individual awards	57	0	57
Average per Award Winner	£10,944	£0	£10,944
LEVEL 3			
Amount	£60,000	£0	£60,000
No of Award Winners	3	0	3
No of awards	3	0	3
No of group awards	0	0	0
No of individual awards	3	0	3
Average per Award Winner	£20,000	£0	£20,000

	Total
L 0 & 1	
Applications received	2,953
Applications awarded	1,181
Success ratio	40%
Withdrawn	153
L2 & 3	
Applications received	180
Applications awarded	68
Success ratio	38%
Withdrawn	0

b. Fundraising performance

The overall external restricted income has increased by 34% to £4.0M. This increase was mainly the result of a number of new successful bids including Guinness, Gulbenkian Atlantic Philantropies and Department of Education (Northern Ireland). In addition, UnLtd has continued to receive funding from existing external funders include Department for Education (formerly Department for Children Schools and Families), Vodafone Foundation, V, NESTA, Big Lottery Fund, Comic Relief through its Sports Relief Programme, Nominet and HEFCE funding programmes.

c. Investment performance

Over the year to 31 March 2011, the investment return was 5.41%, well above the increase in CPI of 3.46%.

The value of the investment at 31 March 2011 was £114.5M including an income reserve of £6.1M against real value (the initial endowment adjusted for inflation) of £122.8M.

d. Factors affecting performance

Government departments, charities and businesses are becoming more aware of the value and potential of social entrepreneurs. This has created a more favourable environment for UnLtd to operate, and also to raise funds. However the working approach is still new to many agencies, so that UnLtd has to put considerable efforts into explaining how we work and evidencing the results.

Investment market conditions were improved during the year and allowed further recovery on the endowment. However the level of funds which could be sustainably drawn was still lower than in previous years. Fortunately, our external fundraising increased once again in the year and this has allowed a growth budget to be set for 2011/12 overall.

Government funds for civil society were cut significantly in 2011/12. However the level of support from companies and lottery distributors increased.

Significant changes in staff during the year created work in recruitment and some inevitable delays as new people were inducted. Several externally funded schemes ended during the year, with new ones commencing: this resulted in a substantial amount of work on redeployment and staff change.

Considerable success was achieved during the year in finding and supporting excellent social entrepreneurs from all backgrounds and regions. The skills and dedication of our staff, and the talent of

new social entrepreneurs, are the greatest factors contributing to our performance.

6. FINANCIAL REVIEW

a. Reserves policy

UnLtd Group

- 1 UnLtd is the sole Trustee of the Millennium Awards Trust, and in addition is developing activities to support social entrepreneurship, which cannot be funded by income from the Millennium Awards Trust either because they fall outside of the Trust's criteria or simply because of limits on available funds.
- 2 The founding donor of the Millennium Awards Trust, the Millennium Commission, established the Endowment to generate income to further the Objects of the Trust into perpetuity. The Trustee is required to apply at least 75% of the income arising from the Endowment in furtherance of the Objects.
- 3 The Trustee needs to balance this need to generate income with the need to seek to obtain the maximum return, consistent with a policy of seeking to maintain the Real Value of the original £100m Endowment.

Trustees of UnLtd have set the following reserves policy for the Trust and for UnLtd in the light of the factors noted above and the investment strategy.

The Millennium Awards Trust

Income from Millennium Awards Trust endowment, from dividends and interest, is used to further the Objects of the Trust. The returns from financial markets, and therefore income available to run the Millennium Awards scheme, tend to fluctuate from year to year and on occasions these fluctuations could be significant. An income reserve has been established in order to provide a buffer between market fluctuations and spending level for the Trust. The trustees aim to maintain an income reserve that would sustain the spending level of the Millennium Awards scheme when likely future income is also taken into account.

UnLtd

Where UnLtd's activities are performed to further the Objects of the Millennium Awards Trust, UnLtd will not build a separate reserve - rather, it will rely on the reserves of the Millennium Awards Trust.

UnLtd is aiming to generate sufficient free reserves to support the development of an appropriate programme of activities in addition to Millennium Awards Trust activities. UnLtd needs to develop sufficient reserves to support these activities with a robust financial platform as the basis for future developments. In the longer term UnLtd therefore aims to build reserves equal to six months of non Millennium Awards Trust expenditure.

Where UnLtd carries out activities which would not be eligible for funds from the Millennium Awards Trust, for example support for social entrepreneurs aged under 16 or whose work is international rather than for UK benefit, we cannot rely on the risk cover provided by the Trust reserves. The majority of our funds for such activities comes in the form of a number of long term contracts. The principal risk is therefore circumstances which cause an unexpected cancellation of contracts, leading to unfunded close-down costs of typically 3 months' expenditure. Most of the contracts are multi annual, so the risk is mitigated by on-going work. Therefore UnLtd's short term aim is to build reserves equal to 6 weeks of expenditure which would not be eligible for Millennium Awards Trust support. At the end of March 2011, UnLtd's reserves equal to 7 weeks of restricted expenditure.

b. Principal funding sources, and how expenditure has supported key objectives

The Millennium Awards Trust had one main source of funding. The Endowment was established by a grant of £100,000,000 from the Millennium Commission. The Foundation for Social Entrepreneurs (UnLtd), as sole corporate Trustee, holds the Endowment on Trust.

In addition, throughout 2010/11, the Foundation had a number of external sources of funding, most of which are restricted. These are outlined above in section 5b, Fundraising Performance.

c. Any funds in deficit

No fund deficit to report.

d. Investment policy

UnLtd as a charity

The Foundation for Social Entrepreneurs (UnLtd) had no investment assets in this financial year.

UnLtd as Trustee of the Millennium Awards Trust

As the sole Trustee of the Millennium Awards Trust, UnLtd is responsible for the investment of the Endowment. This investment is subject to a number of objectives and constraints set out in its Trust Deed, most notably:

- 1 In exercising the power of investment in relation to the Endowment the Trustee needs to seek to obtain the maximum return, consistent with a policy of seeking also to maintain the Real Value (which is the original value of the Endowment as adjusted annually for changes in the consumer prices index).
- 2 The Trustee is required in any year other than the first 24 months following execution of the Trust Deed to apply at least 75% of the income arising from the Endowment in furtherance of the Objects. The balance up to 25% may be placed in an Income Reserve, which may itself be invested. Income arising from investment of the income reserve is free of the 75% restriction.
- 3 If the capital value of the Endowment is above Real Value, an amount up to the difference may be treated as additional income, and used as described in 2 above.
- 4 If the capital value falls below Real Value, capital may not be treated as additional income, but capital transferred to the income reserve in previous years is unaffected. In addition, income may still (and at least 75% must) be spent, and funds from the income reserve may also be spent.

The investment strategy needs to balance the objectives and constraints above, and any further constraints under the Trust Deed. The selected investment managers have been fully instructed of all constraints.

Procedures for exercise of investment arrangements

In order to meet the objectives and constraints above, the following procedures have been agreed:

- 1 The Investment Committee on approval from the Board should invest the funds of the Millennium Awards Trust in accordance with Clause 8, Schedule 3 and Schedule 4 of the Trust Deed, which include the points listed above
- 2 The Investment Committee must submit a one year investment strategy to the Board for its approval on an annual basis. The Investment Committee may also submit, and/or the Board may request submission of, a longer term investment strategy for approval by the Board.
- 3 The Investment Committee will develop the investment strategy in consultation with the Trustee's investment manager(s) and ensure that it complies with this investment policy.
- 4 The investment strategy will include the risk profile of the proposed strategy. The Committee should employ risk management strategies that seek to preserve the real capital value of the funds over 10 years
- 5 The investment strategy will also include any proposed ethical constraints.
- 6 Any proposed mid-year modifications to the investment strategy must be approved by the Board.
- 7 Constraints: the Investment Committee shall observe the following constraints in pursuing the investment objectives:
 - 7.1.1 The restrictions on investment contained in the Trust Deed must be observed.
 - 7.1.2 All investments must meet the ethical constraints approved by the Board.
 - 7.1.3 Voting rights over shareholdings shall be delegated to the investment managers who shall act in compliance with the ethical investment policy.
 - 7.1.4 The Trustee (UnLtd) will solely use FSA authorised investment managers to manage the Millennium Award Fund assets.

7.1.5 Investment of the Income Reserve must ensure that sufficient liquidity is preserved.

8 It is envisaged that a tendering process for investment managers will be held every five years.

Expectations

The Investment Committee has taken advice on the most appropriate achievable balance between the various objectives and constraints. Its conclusions are that:

1. A long-run average return that permits target annual expenditure of about 4.17% of the Endowment should be achievable, consistent with a probability of about 75% of the portfolio exceeding Real Value over a 10 year timescale; and
2. The investment approach should permit spending to increase with the CPI in the longer term, avoiding under foreseeable circumstances any year-to-year cuts of more than 10% in spending.

Financial instruments and associated risks

UnLtd, through investment in various funds as determined by its investment strategy, maintained positions in a variety of derivative and non-derivative financial instruments. UnLtd's investing activities expose it to various types of market risks that are associated with the financial instruments and markets it invests in.

Market risk includes currency risk, interest rate risk and price risk. The market risk management strategies of the funds UnLtd invests in are driven by the funds' investment objectives. The investment managers employed by UnLtd are instructed to manage risks in accordance with agreed policies and procedures.

Other than for its management of the Endowment, UnLtd does not use financial instruments.

7. PLANS FOR FUTURE PERIODS

a. Strategic plan

Our strategic plan for 2007-2010 was successfully completed during the previous year. Work on a new strategy commenced in December 2009. In the light of the general election and rapidly changing environment, the board asked for the strategy to be completed by the autumn of 2010.

Work on preparing the new plan included research and analysis of existing findings, internal consultation, a stakeholder consultation conducted by an independent interviewer, co-design seminars with social entrepreneurs and key policy makers, a policy report commissioned from Respublica, and extensive development work to build a credible but challenging plan for the coming 5 years. We are very grateful to the many people who contributed their views and experiences to this project.

The new strategy for UnLtd covers the period 2010 to 2015. It is based on the success of the core model, supporting social entrepreneurs to start up and scale up, and on our best analysis of the environment and our capacities.

We believe that social entrepreneurship as an approach is beginning to move on from initial experimentation and growth to becoming a more rounded ecology of support. We believe the right role for UnLtd as the foundation in this field in the UK is to help create and build that ecology of support, making it easier for more social entrepreneurs to find the help and environment they need to start and thrive. We will continue to support social entrepreneurs directly, but increasingly also in partnership with other agencies to lever up the scale and accessibility of the support on offer.

The key elements of our strategy are as follows.

Values

1. We believe in individuals who have the potential to make positive change in the world
2. We believe in the value of social entrepreneurs across the spectrum, from local to world changing

3. We put people at the heart of what we do, backing people first, projects second
4. We support people's ideas & passions
5. We reach out and find people who can tackle the key issues facing society
6. We know that communities which face problems contain the people who will create the solutions
7. We minimise bureaucracy and maximise opportunity, trusting judgement, backing hunches
8. If there is a question about what is best, we act and learn from the results

UnLtd values diversity and respects others for their contribution, whatever their background, ethnicity or beliefs, and we challenge unfair discrimination. We act with integrity and openness and encourage learning, cooperation and understanding

Our **mission** is to reach out and unleash the energies of people who can transform the world in which they live: people who we call social entrepreneurs. We work for a world where people act to make it better

We will focus on **three strategic approaches** over the coming 5 years:

1. Backing people as social entrepreneurs in their **communities**, creating social value through large numbers of people developing many community level ventures, building a movement for social action
2. Helping social entrepreneurs with high potential for growth to **scale up** their ventures to meet the huge challenges facing our society, including the recession and public spending cuts – both public service oriented social enterprises and social businesses
3. Helping to develop the **social entrepreneur support sector** into an effective system of help which makes it much easier for social entrepreneurs to get going and thrive

We expect to work on these approaches through **five main developments in our methods**:

1. Developing **partnerships** and assisting other agencies to deliver effective support to social entrepreneurs, so that the scale and impact of our work can be enhanced
2. Improving and sharing our **knowledge** of what works in supporting social entrepreneurs, through **innovation**, piloting, research and development
3. Enhancing our **support offer** and developing the range and balance of award types we offer, learning from experience and research, to help social entrepreneurs achieve their full potential
4. Developing networks and **continuing relationships** with social entrepreneurs, for peer to peer learning and support, and providing platforms for social entrepreneurs to describe their experiences and work
5. Focusing our fundraising and **development activity** on these strategic priorities

We will need to build the **capacity and culture** of UnLtd to achieve this strategy:

1. Building a **brand** which is known and understood by people who want to start a social venture so they can find help easily and feel confident to start up and grow
2. Ensuring all our work is **informed** by the experiences and journeys of social entrepreneurs
3. Continuing to **find, support and fund** early stage social entrepreneurs
4. Building an **infrastructure** capable of supporting the scale of opportunity offered by social entrepreneurs
5. Build an open, challenging and solution focused **culture**, internally and with our partners, applicants and award winners

Outcomes

Our Impact	A world in which people act to make it better
Our direct outcomes: <i>We reach out and unleash the energies....</i>	<ul style="list-style-type: none"> • People who have strong potential to deliver social value, now have more skills and confidence to act for social benefit • There is an environment in which social entrepreneurs can thrive • Larger numbers of social entrepreneurs get help to start up, and to scale up
<i>...of people who can transform the world in</i>	<ul style="list-style-type: none"> • Creating social capital

<i>which they live</i>	<ul style="list-style-type: none"> • Creating social impact
Our indirect outcomes: <i>...often also:</i>	<ul style="list-style-type: none"> • Creating economic impact • Creating social innovation • Raising aspiration in disadvantaged communities

b. Key objectives and priorities for 2011/12

This is one of the most exciting years in our 10 year history. Following decisions on our long term strategy in 2010, we are embarking on a series of major upgrades to our working methods, at the same time as launching some of our most ambitious ever programmes. All this comes at a time when the social and economic situation in the UK means we need social entrepreneurs and the ventures they create more than ever.

It is a complex and rapid process of change and development. To make sense of that, and allow staff across the organisation to work to their best potential on each project, we have prepared a year plan. It aims to make our work easier by

- Highlighting the priorities
- Focusing our work on the key objectives
- Staging projects so that interdependencies between them are simpler
- Setting milestones for the progress we plan to make on our 5 year strategy
- Showing who is leading on what

Core objectives for 2011/12

Get our 2 new methodologies (community entrepreneurs via partnerships, and venture challenge) in place with lean design approach
Recruit and support 25 of the highest growth potential social entrepreneurs for BVC
Initial round of community partnerships for community entrepreneurs in place (est. 12) and delivering learning for year 2
First product review completed with recommendations agreed and implementation running up to 2012 launch
Raise funds for our strategy priorities – target £2m focusing on fundraising for community entrepreneur and scaling up schemes
Deliver existing and contracted awards strategy with acclaim
Develop and test an alumni approach
Seize relevant opportunities in a highly changing environment
Create a new and high impact approach to R&D and knowing what works
Design and launch new backbone processes and systems which simplify and give us useful timely information
Develop, reorganise and recruit our talent to fit future work and values
Refresh our brand language, strapline and communication routes
Influence key decision makers and other delivery agents to understand and support social entrepreneurs
Bring the whole of UnLtd with us through these changes

How we are phasing the main components of our strategy

Our 5 year strategy is ambitious and challenging. It's important we keep our development work as simple and clear as possible, to avoid overload and too many interdependencies between programmes. We have therefore decided that:

- Our first year of work on community entrepreneurs will use existing best practice on the Level 1 scheme
- Our product review in 2011 will include the community entrepreneurs and Big Venture Challenge models as experimental designs, rather than bringing them in to the main body of the review
- The learning from community entrepreneurs and big venture challenge will flow into a subsequent year's update of product review

Principal delivery commitments:

Alongside our developmental work, UnLtd will fulfil a number of key delivery commitments during the year. These include:

MAT Level 1, 2 and 3 schemes

Live UnLtd youth programme including schemes supported by Big Lottery Fund and Comic Relief

Big Venture Challenge Round 1

Big Local Trust subject to final decision by Big Lottery Fund

UnLtd Advantage investment readiness programme

Connect mentoring/pro bono service

Schemes focused on older people:

Ageing Unlimited, Engage (Gulbenkian) Atlantic Philanthropies Ignite programme

Research Projects: 9 research contracts

Joseph Rowntree Foundation - Bradford Social Futures Awards

8. STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees are responsible for preparing the trustees' annual 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 that give a true and fair view of the state of affairs of the group and the parent charity and of the incoming resources and application of resources, including the net income or expenditure, of the group for the year. In preparing those 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 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 charity will continue in business.

The trustees are responsible for keeping accounting records that disclose with reasonable accuracy at any time the financial position of the group and the parent charity 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 group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Each of the trustees has confirmed that so far as he / she is aware, there is no relevant audit information of which the company's auditors are unaware, and that he / she has taken all the steps that he / she ought to have taken as a trustee in order to make himself / herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

A resolution to reappoint PKF (UK) LLP will be proposed at the next Annual General Meeting.

Approved by the Trustees on 19 September 2011 and signed on their behalf by:


Trustee

THE FOUNDATION FOR SOCIAL ENTREPRENEURS (UnLtd)
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE FOUNDATION FOR SOCIAL
ENTREPRENEURS (UNLTD)
FOR THE YEAR ENDED 31 MARCH 2011

We have audited the group and parent charity financial statements ("the financial statements") of Foundation for Social Entrepreneurs Limited (UnLtd) for the year ended 31 March 2011 which comprise the consolidated statement of financial activities, the consolidated and parent charity balance sheets, the consolidated cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of trustees and auditor

As explained more fully in the statement of trustees' responsibilities, the trustees (who are also directors of the 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. We have been appointed as auditor under the Companies Act 2006 and report in accordance with that Act. 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 Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and parent charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' Report and Financial Statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent charity's affairs as at 31 March 2011 and of the group's 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; 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 the information given in the trustees' annual report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**THE FOUNDATION FOR SOCIAL ENTREPRENEURS (UnLtd)
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE FOUNDATION FOR SOCIAL
ENTREPRENEURS (UNLTD)
FOR THE YEAR ENDED 31 MARCH 2011**

Matters on which we are required to report by exception

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 in respect of the parent charity, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charity financial statements do not accord with the accounting records; or
- certain disclosures of trustee's remuneration specified by law are not made; or
- any information or explanation to which we are entitled has not been afforded to us.

PKFCUK) LLP

Karen Thompson (Senior statutory auditor)
for and on behalf of PKF (UK) LLP, Statutory auditor

London (UK)
26-09-2011

THE FOUNDATION FOR SOCIAL ENTREPRENEURS (UnLtd)
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 MARCH 2011

	<u>Notes</u>	<u>Unrestricted Funds</u> £	<u>Restricted Funds</u> £	<u>Endowment Funds</u> £	<u>Total 2011</u> £	<u>Total 2010</u> £
Incoming resources						
Comic Relief		-	936,825	-	936,825	936,825
BIG Lottery II		-	863,197	-	863,197	516,832
Statutory grants		-	836,537	-	836,537	771,986
Corporate		-	400,620	-	400,620	154,200
Trusts		-	880,068	-	880,068	571,427
Investment income	2	4,632,832	-	-	4,632,832	4,119,859
Income from subsidiaries	3	145,877	-	-	145,877	256,484
Other		15,579	52,500	-	68,079	26,309
Total incoming resources		4,794,288	3,969,747	-	8,764,035	7,353,922
Resources expended						
Cost of generating funds		175,388	-	-	175,388	207,550
Trading activities in subsidiaries	4	202,557	-	-	202,557	314,650
Charitable expenditure:						
Grants payable	5	1,795,564	1,967,421	-	3,762,985	2,735,450
Costs of support to Awardees	6	2,402,168	2,067,309	-	4,469,477	3,503,961
Governance	7	137,482	16,170	-	153,652	118,934
Total resources expended		4,713,159	4,050,900	-	8,764,059	6,880,545
Net incoming/(outgoing) resources before other recognised gains and losses		81,129	(81,153)	-	(24)	473,377
Other recognised gains and losses:						
Gains/(Losses) on investments		-	-	1,790,467	1,790,467	22,624,480
Disposal of subsidiary	8	125,000	-	-	125,000	-
Transfer between funds		93,125	(93,125)	-	-	-
Net movement in funds		299,254	(174,278)	1,790,467	1,915,443	23,097,857
Balance at 1st April		3,162,932	1,892,326	106,588,898	111,644,156	88,546,299
Balance at 31st March		3,462,186	1,718,048	108,379,365	113,559,599	111,644,156

All amounts derive from continuing activities.

The statement of financial activities includes all gains and losses recognised.

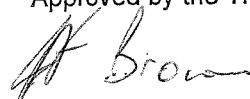
The accompanying notes on pages 42 to 50 form part of these financial statements.

THE FOUNDATION FOR SOCIAL ENTREPRENEURS (UnLtd)
BALANCE SHEETS
AT 31 MARCH 2011

Company number: 4180639

	<u>Notes</u>	<u>2011</u> <u>UnLtd</u> £	<u>2011</u> <u>Group</u> £	<u>2010</u> <u>UnLtd</u> £	<u>2010</u> <u>Group</u> £
Fixed assets					
Tangible assets	9	11,046	896,046	4,334	894,334
Investments	10	-	114,452,822	-	113,049,660
Investment in trading subsidiary	11	-	-	1	-
		<u>11,046</u>	<u>115,348,868</u>	<u>4,335</u>	<u>113,943,994</u>
Current assets					
Debtors	12	2,382,669	971,948	2,425,111	364,159
Cash at bank and in hand		506,761	636,982	642,415	1,056,701
		<u>2,889,430</u>	<u>1,608,930</u>	<u>3,067,526</u>	<u>1,420,860</u>
Creditors: amounts falling due within one year	13	642,016	2,277,287	779,336	2,513,008
Net current assets/(liabilities)		<u>2,247,414</u>	<u>(668,357)</u>	<u>2,288,190</u>	<u>(1,092,148)</u>
Total assets less current liabilities		<u>2,258,460</u>	<u>114,680,511</u>	<u>2,292,525</u>	<u>112,851,846</u>
Creditors: amounts falling due after more than one year	14	-	1,120,912	-	1,207,690
Total net assets		<u><u>2,258,460</u></u>	<u><u>113,559,599</u></u>	<u><u>2,292,525</u></u>	<u><u>111,644,156</u></u>
Funds					
Endowment	15	-	108,379,365	-	106,588,898
Restricted funds	16	1,718,048	1,718,048	1,892,326	1,892,326
Unrestricted funds					
Income reserves		-	2,921,774	-	2,762,733
Other funds		540,412	540,412	400,199	400,199
		<u>2,258,460</u>	<u>113,559,599</u>	<u>2,292,525</u>	<u>111,644,156</u>

Approved by the Trustees, authorised for issue on 19 SEPT 2011 and signed on their behalf by:


Trustee

THE FOUNDATION FOR SOCIAL ENTREPRENEURS (UnLtd)
CONSOLIDATED CASHFLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2011

	<u>2011</u>	<u>2010</u>
	£	£
Cash inflow/(outflow) from operating activities		
Net incoming/(outgoing) resources	(24)	473,377
Investment income earned	(4,632,832)	(4,119,859)
Loan interest charges	16,931	17,914
Depreciation of tangible fixed assets	11,589	7,603
(Increase)/decrease in debtors	(607,789)	(219,466)
Increase/(decrease) in creditors	(236,884)	656,815
	<hr/>	<hr/>
Net cash (outflow) from operating activities	(5,449,009)	(3,183,616)
	<hr/>	<hr/>
Returns on investments and servicing of finance		
Investment income received	4,632,832	4,119,859
Interest paid	(16,931)	(17,914)
	<hr/>	<hr/>
	4,615,901	4,101,945
	<hr/>	<hr/>
Capital expenditure and financial investment		
Disposal proceeds of subsidiary	125,000	-
Payments to acquire tangible fixed assets	(13,301)	(6,465)
Net (payments)/receipts - fixed asset investments	387,305	(597,885)
	<hr/>	<hr/>
	499,004	(604,350)
	<hr/>	<hr/>
Net cash inflow/(outflow) before financing	(334,104)	313,979
Financing		
Loan repayments	(85,615)	(84,466)
	<hr/>	<hr/>
Increase/(decrease) in cash in the year	(419,719)	229,513
	<hr/> <hr/>	<hr/> <hr/>
Analysis of changes in net funds		
	At 31 March	At 31 March
	<u>2010</u>	<u>2011</u>
	£	£
Cash at bank and in hand		
(including short term deposits)	1,056,701	636,982
Loan	(1,293,304)	(1,207,689)
	<hr/>	<hr/>
	(236,603)	(570,707)
	<hr/> <hr/>	<hr/> <hr/>

**THE FOUNDATION FOR SOCIAL ENTREPRENEURS (UnLtd)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011**

1 PRINCIPAL ACCOUNTING POLICIES

The financial statements of the charitable group have been prepared in accordance with accounting standards and the Statement of Recommended Practice "Accounting and Reporting by Charities" (SORP 2005). These financial statements are drawn up on the historical cost accounting basis except that investment assets are carried at market value.

Group accounts

These financial statements consolidate the results of the Millennium Awards Trust, FSE Management Services Limited (company limited by guarantee), FSE World Limited and UnLtd Scotland on a line by line basis. They are prepared on the basis that the Foundation for Social Entrepreneurs (UnLtd) will remain as sole Trustee of the Millennium Awards Trust in perpetuity. Should this change, the basis on which these financial statements are prepared may need to be reconsidered.

No separate Statement of Financial Activities (SOFA) has been presented for the charity as permitted by section 408 of the Companies Act 2006 and section 397 of SORP 2005.

Fund accounting

Unrestricted funds comprise those funds, which the Trustees are free to use in accordance with the charitable objects.

Restricted funds are funds, which have been given for particular purposes and projects. Restricted funds must be used in accordance with the funders' or donors' wishes.

Incoming resources

Income is accounted for on a receivable basis. Income relating to future periods is deferred.

Resources expended

Expenditure is included on an accruals basis.

Grants payable

Grants payable are accounted for in full as liabilities when approved by the Trustees because the beneficiary would have a valid expectation that they would receive the grant as offered and accepted. Grants are paid in instalments. The first instalment is payable upon signing of the funding agreement and subsequent instalments are subject to satisfactory financial review.

Tangible fixed assets and depreciation

All assets costing more than £1,000 are capitalised. Land is not depreciated. Depreciation is provided to write off assets on a straight-line basis over their estimated useful economic life:

Buildings	25 years
Computers	3 years
Furniture	4 years

Investments

Investments are included at their mid market value at the year end. Any gain or loss arising on the management of the investment portfolio, including the revaluation to market value, is charged or credited to the statement of financial activities in the year. Investment management charges are charged against the unrestricted fund which includes the income arising from investments as this reflects the investment objectives.

Pension costs

Contributions made to employees defined contribution pension plans are included as resources expended when due.

Operating lease rentals

Costs in respect of operating leases are charged to resources expended over the term of each lease.

THE FOUNDATION FOR SOCIAL ENTREPRENEURS (UnLtd)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011

2 Incoming resources

	<u>Unrestricted</u> £	<u>Restricted</u> £	<u>2011</u> <u>Total</u> £	<u>2010</u> <u>Total</u> £
Investment income	4,632,832	-	4,632,832	4,119,859

Investment income can be used for general purposes of the Millennium Awards Trust and can be used to reimburse costs incurred by UnLtd in furtherance of the objects of the Trust.

3 Income from subsidiaries

	<u>Unrestricted</u> £	<u>Restricted</u> £	<u>2011</u> <u>Total</u> £	<u>2010</u> <u>Total</u> £
Turnover	145,877	-	145,877	256,484
	145,877	-	145,877	256,484

4 Trading in subsidiaries

	<u>Unrestricted</u> £	<u>Restricted</u> £	<u>2011</u> <u>Total</u> £	<u>2010</u> <u>Total</u> £
Wages	101,561	-	101,561	181,781
Other costs	98,396	-	98,396	127,758
Administration	2,600	-	2,600	5,111
	202,557	-	202,557	314,650

**THE FOUNDATION FOR SOCIAL ENTREPRENEURS (UnLtd)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011**

5	Charitable expenditure – grants payable	Awarded in year £	Outstanding at 31 March 2011 £
	Millennium Awards Trust awards(including co-funding)		
	Level 0 grant payable Awards to 0 individuals (2010 – 0)	(2,150)	7,565
	Level 1 grant payable Awards to 1,265 individuals (2010 – 891)	2,873,363	1,461,501
	Level 2 grant payable Awards to 76 individuals (2010 – 44)	831,772	15,321
	Level 3 grant payable Awards to 3 individuals (2010 – 3)	60,000	10,000
		3,762,985	1,494,387
		3,762,985	1,494,387
6	Charitable expenditure – costs of support to awardees	2011 £	2010 £
	Salaries	2,487,845	2,094,514
	Premises	308,562	260,882
	IT	203,590	132,655
	Events	250,644	198,076
	Travel	215,874	215,940
	Marketing	526,090	370,285
	Depreciation	11,589	7,603
	Grants to delivery partners for support of awardees	400,935	190,519
	Other	64,348	33,487
		4,469,477	3,503,961
		4,469,477	3,503,961
7	Charitable expenditure – governance costs	2011 £	2010 £
	Salaries	70,657	58,689
	Trustees expenses	2,849	1,568
	Legal	44,726	10,493
	Audit - external audit	22,860	19,235
	- other services provided by external auditors	-	-
	Internal audit	3,349	16,178
	Other	9,211	12,771
		153,652	118,934
		153,652	118,934

THE FOUNDATION FOR SOCIAL ENTREPRENEURS (UnLtd)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011

8 Disposal of subsidiary

UnLtdWorld was an activity of FSE World Ltd until sale of the company to Guardian Media Group during the year for a consideration of £125,000. UnLtd has agreed working arrangements as part of the sale and acquisition, including in regard to informing Award Winners of the network, and with a licence for the name "UnLtd" for a limited period.

9 Tangible fixed assets (Consolidated)

	<u>Land</u> £	<u>Building</u> £	<u>Computer and IT</u> £	<u>Furniture and fixtures</u> £	<u>Total</u> £
Cost					
At 1 April 2010	800,000	125,000	298,993	549,153	1,773,146
Additions	-	-	13,301	-	13,301
	800,000	125,000	312,294	549,153	1,786,447
Depreciation					
At 1 April 2010	-	35,000	294,659	549,153	878,812
Charge for the year	-	5,000	6,589	-	11,589
	-	40,000	301,248	549,153	890,401
Net book values					
At 31 March 2011	800,000	85,000	11,046	-	896,046
At 31 March 2010	800,000	90,000	4,334	-	894,334

9 Tangible fixed assets (UnLtd)

	<u>Computer and IT</u> £	<u>Furniture and fixtures</u> £	<u>Total</u> £
Cost			
At 1 April 2010	292,358	13,058	305,416
Additions	13,301	-	13,301
	305,659	13,058	318,717
Depreciation			
At 1 April 2010	288,024	13,058	301,082
Charge for the year	6,589	-	6,589
	294,613	13,058	307,671
Net book values			
At 31 March 2011	11,046	-	11,046
At 31 March 2010	4,334	-	4,334

**THE FOUNDATION FOR SOCIAL ENTREPRENEURS (UnLtd)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011**

10	Investments	Unrestricted <u> funds</u> £	Endowment <u> funds</u> £	<u> Total</u> £
	Market value at 31 March 2010	6,460,762	106,588,898	113,049,660
	Net unrealised/realised investment gains	-	1,790,467	1,790,467
	Investment income earned	4,632,832	-	4,632,832
	Investment income drawdown	(4,837,492)	-	(4,837,492)
	Investment charges	(182,645)	-	(182,645)
		<hr/>	<hr/>	<hr/>
	Market value at 31 March 2011	6,073,457	108,379,365	114,452,822
		<hr/>	<hr/>	<hr/>
	Asset allocation:			
	UK fixed income portfolio			57,928,720
	Global Equity portfolio			42,307,190
	Absolute Return Tracker			14,216,912
				<hr/>
	Market value at 31 March 2011			114,452,822
				<hr/>

All investments are held by the Millennium Awards Trust.

11 Investment in subsidiaries

FSE Management Services Limited

This is a company limited by guarantee and having no share capital. The object of the company is to carry on business as a general commercial company to procure profits and gains for the purposes of paying them to the Foundation for Social Entrepreneurs (Registered charity Number: 1090393) or any other charitable body which succeeds to its charitable purposes. A company registered in England and Wales, company number 6841529.

12	Debtors	UnLtd <u> 2011</u> £	Group <u> 2011</u> £	UnLtd <u> 2010</u> £	Group <u> 2010</u> £
	Trade debtors	543,350	556,052	200,267	255,936
	Prepayments and accrued income	348,139	379,351	64,819	76,090
	Other debtors	36,545	36,545	32,033	32,133
	Amounts due from subsidiary undertakings	1,454,635	-	2,127,992	-
		<hr/>	<hr/>	<hr/>	<hr/>
		2,382,669	971,948	2,425,111	364,159
		<hr/>	<hr/>	<hr/>	<hr/>

THE FOUNDATION FOR SOCIAL ENTREPRENEURS (UnLtd)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011

13 Creditors: amount falling due within one year

	<u>UnLtd</u> <u>2011</u> £	<u>Group</u> <u>2011</u> £	<u>UnLtd</u> <u>2010</u> £	<u>Group</u> <u>2010</u> £
Trade creditors	181,526	200,207	61,832	81,118
Awards accruals	-	1,494,387	-	1,539,372
Accruals and deferred income	385,700	418,704	650,956	722,196
Other taxes and social security	67,300	67,707	59,880	64,087
Other creditors	7,490	7,490	6,668	6,968
Loan (see note 13)	-	86,777	-	85,614
VAT	-	2,015	-	13,653
	<hr/>	<hr/>	<hr/>	<hr/>
	642,016	2,277,287	779,336	2,513,008
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

14 Creditors: amounts falling due after more than one year

	<u>Group</u> <u>2011</u> £	<u>Group</u> <u>2010</u> £
Loan from Triodos Bank:		
Amounts falling due:		
After one year and before two years	87,956	86,777
After two years and before five years	271,102	267,469
After more that five years	761,854	853,444
	<hr/>	<hr/>
Within one year (see note 11)	1,120,912	1,207,690
	86,777	85,614
	<hr/>	<hr/>
	1,207,689	1,293,304
	<hr/> <hr/>	<hr/> <hr/>

The loan is repayable in 204 equal monthly instalments from November 2006. The loan bears interest at 0.85% above the bank base rate and interest is payable as it is charged. The loan is secured over the freehold property of the Millennium Awards Trust and certain securities.

15 Endowment

The Millennium Awards Trust was endowed by the Millennium Commission with a National Lottery grant of £100 million as a permanent source of grants for individuals throughout the United Kingdom to develop their own skills and talents and to contribute to the community.

The Trustee is under a duty to obtain the maximum return consistent with a policy of seeking to maintain the "Real Value". Any excess above this value can be regarded as income funds and used to make awards and meet running costs.

All of the income of the fund is available to make awards and pay for the administration of the awards scheme.

THE FOUNDATION FOR SOCIAL ENTREPRENEURS (UnLtd)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011

16 Funds Analysis

	Fund balance At 1 April <u>2010</u> £	<u>Incoming</u> <u>resources</u> £	<u>Outgoing</u> <u>resources</u> £	Fund Transfers & Other <u>Movements</u> £	Fund balance at 31 March <u>2011</u> £
Restricted Funds					
Award winner support and awards					
Comic Relief	602,893	936,825	1,053,707	-	486,011
BLF II	193,686	863,197	772,392	-	284,491
Home office	20,497	(14,910)	1,337	-	4,250
NOR – NYCC/Burgreave	130,144	50,226	61,931	(87,057)	31,382
Joseph Rowtree – NOR	-	46,310	3,090	-	43,220
DOE – NIR	-	160,000	130,137	-	29,863
Atlantic - NIR	-	127,000	91,462	-	35,538
LSE – ND/Indigo	48,212	-	26,829	-	21,383
YOU – local government	39,957	-	7,207	-	32,750
Gulbankian	-	97,500	95,665	-	1,835
HEFCE	280,802	416,599	555,010	-	142,391
DCSF	60,251	150,378	170,698	-	39,931
V / Vodafone	111,412	205,331	241,506	-	75,237
NESTA - IRF	44,691	127,500	162,404	-	9,787
Connect - VEN	-	99,259	82,346	-	16,913
Nominet	154,790	321,429	312,847	-	163,372
4iP	121,641	89,365	51,903	-	159,103
Guinness	-	244,240	179,990	-	64,250
Other	83,350	49,498	50,439	(6,068)	76,341
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Restricted Funds	1,892,326	3,969,747	4,050,900	(93,125)	1,718,048
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Endowment Funds	106,588,898	-	-	1,790,467	108,379,365
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Unrestricted Funds:					
– Income Reserve	2,762,733	4,632,832	4,510,602	36,811	2,921,774
– Other funds	400,199	161,456	202,557	181,314	540,412
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Funds	111,644,156	8,764,035	8,764,059	1,915,467	113,559,599
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

17 Net Assets Fund Analysis

	Unrestricted £	Restricted £	Endowment £	Total £
Fixed assets	896,046	-	-	896,046
Investments	6,073,457	-	108,379,365	114,452,822
Net current assets/(liabilities)	(2,386,405)	1,718,048	-	(668,357)
Long term creditors	(1,120,912)	-	-	(1,120,912)
	<hr/>	<hr/>	<hr/>	<hr/>
	3,462,186	1,718,048	108,379,365	113,559,599
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

THE FOUNDATION FOR SOCIAL ENTREPRENEURS (UnLtd)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011

18 Staff numbers and costs

	<u>2011</u>	<u>2010</u>
	£	£
Salaries	2,322,203	2,020,299
Social security costs	241,802	209,043
Pensions	54,485	47,976
	2,618,490	2,277,318
	2,618,490	2,277,318

Average weekly number of employees during the period calculated on full time equivalent basis was:

	<u>73</u>	<u>64</u>
	73	64

The number of employees during the period who earned over £60,000 in the year was as follows:

£60,001 to £70,000 per annum	2	1
£100,001 to £110,000 per annum	-	1
£110,001 to £120,000 per annum	1	-
	1	-
	1	-

Trustees received no remuneration but total expenses of £2,849 on travel and training were reimbursed to 5 Trustees (2010 - £1,568 reimbursed to 3 Trustees) and £2,111 was payable for trustee indemnity insurance during the reporting period. Protector fees of £5,000 were payable.

19 Operating lease commitments

The annual commitments for rent of the group's premises are as follows:

	<u>Expiry date</u>	<u>Total</u>
		£
Birmingham	December 2011	18,887
Cardiff	June 2012	3,025
Bradford	November 2011	12,000
		33,912
		33,912

20 Other disclosures

	<u>2011</u>	<u>2010</u>
	£	£
Operating lease rentals – land and buildings	86,567	72,339
Interest payable on bank loans	16,931	17,914
	103,498	90,253
	103,498	90,253

**THE FOUNDATION FOR SOCIAL ENTREPRENEURS (UnLtd)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011**

21 Financial instruments and associated risks

UnLtd as the Trustee initially engaged Goldman Sachs Asset Management as their Investment Managers to manage the £100M endowment. The investment mandate was to generate income for awards and running costs for the Millennium Awards scheme and to seek to maintain the real value of the assets. Monte Carlo simulation analysis was used to test the overall portfolio's ability to generate the income required as well as ensuring an 85% probability of maintaining the Real Value to a 10 year horizon.

During the financial year 2007/8, UnLtd reviewed investment strategy and management. Following a tender exercise, Mercer were engaged to review and advise on strategic asset allocation. Their work included recalculation of risks and the probabilities of maintaining Real Value to a 10 year horizon. In the light of adverse investment conditions, and a starting point below Real Value, the probability of maintaining Real Value consistent with spending policy was recalculated at 75%. As a result of the review, a revised asset allocation policy was proposed by the Investment Committee. This maintained the broad split between asset classes, but proposed a tender for the management of the global equity portfolio, a revised mandate and benchmark for the fixed income portfolio, and a further consideration of alternative assets. These recommendations from the Investment Committee were considered and approved by the Board. The Protector was consulted on the changes proposed.

The recommended changes to the global equity portfolio and revised mandate and benchmark for the fixed income portfolio were implemented. The third of the changes suggested was to reconsider the alternatives segment of the portfolio, currently invested in the Goldman Sachs ART synthetic hedge fund product. The Investment Committee looked at a number of options for this segment, but was unable to find a new investment product with better characteristics within 2010/11. The alternatives segment remains under review.

UnLtd, through investment in various funds as determined by its investment strategy as Trustee, maintained positions in a variety of derivative and non-derivative financial instruments. UnLtd's investing activities as Trustee exposes it to various types of market risks that are associated with the financial instruments and markets it invests in.

Market risk includes currency risk, interest rate risk and price risk. The market risk management strategies of the funds UnLtd invests in as Trustee are driven by the funds' investment objectives. The investment managers employed by UnLtd are instructed to manage risks in accordance with agreed policies and procedures.

The loan from Triodos Bank amounting to £1.21M bears interest at 0.85% above bank base rate and is therefore subject to interest rate risk.

There is no material difference between the fair value and the book value of financial instruments at 31 March 2011.

Other than for its management of the Endowment, UnLtd does not use financial instruments.