

**TRUSTEES' REPORT AND CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2013**

**THE FOUNDATION FOR SOCIAL ENTREPRENEURS (UnLtd)**

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

**MILLENNIUM AWARDS TRUST**

**Charity No. 1095749**

**THE FOUNDATION FOR SOCIAL ENTREPRENEURS SCOTLAND (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 2013

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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 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.

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 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	24 September 2012
Alastair Wilson	25 July 2005	27 November 2012
Alison Fielding	28 May 2008	21 June 2013
Andrew Croft	28 July 2008	21 June 2013
Anthony Freeling	27 September 2004	
Hazel Dodd	21 June 2013	
Jason Shaw	26 July 2010	
John Brown	27 September 2004	
Judith McNeill	28 May 2008	
Martin Wyn Griffith (Chair)	28 May 2008	
Natalie Campbell	28 May 2008	
Norman Cumming	31 October 2005	
Rajeeb Dey	28 May 2008	
Rich Benton	24 September 2007	21 June 2013
Richard Tyrie	28 May 2008	
Rodney Stares	26 March 2007	

### Committees

Audit Committee	Investment Committee	Nominations, Remuneration and Governance Committee	Finance Committee	Awards Committee
Jason Shaw (Chair)	Norman Cumming (Chair)	Judith McNeill (Chair)	John Brown (Chair)	John Brown (Chair)
Henrietta Irving	John Brown	Anthony Freeling	Rodney Stares	Richard Tyrie
Stuart Mills	Hosein K-Hosseiny	Martin Wyn Griffith	Hazel Dodd	Natalie Campbell
Alex Butt	Elroy Dimson	Arwyn Thomas		
Jeremy Brettell	Martin Wyn Griffith			
Joanna Pittman				

### 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 27 January 2003.

### Protector of the Millennium Awards Trust

The first Protector of the Millennium Awards Trust is Patrick Harrington, QC, also appointed on the 27 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 fourth three year term of office to run until 26 January 2015. 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**

BDO LLP (Previously PKF(UK)LLP prior to merger)  
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  
River Court  
120 Fleet Street  
London  
EC4A 2BE

Dimensional Fund Advisors Ltd  
5<sup>th</sup> Floor  
20 Triton Street  
London  
NW1 3BF

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

Pictet Asset Management Limited  
Moor House / Level 11  
120 London Wall  
London  
EC2Y 5ET

**Internal Auditors**

Deloitte LLP (Previous BDO LLP prior to the merger  
with PKF(UK)LLP)  
2 New Street Square  
London  
EC4A 3BZ

**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

Welcome to UnLtd – the Foundation for Social Entrepreneurs.

A social entrepreneur is someone whose venture is firmly rooted in delivering positive social change. Wherever they are in the UK, whatever their background, UnLtd's role is to find and support these people and to create the environment within which more of us see the relevance, and seize the opportunity, of being a social entrepreneur.

UnLtd is the leading provider of support and seed funding to social entrepreneurs in the UK. We are also linked, through Global Social Entrepreneurs Network, to an international partnership of sibling agencies in Africa, Asia and Europe.

We are in our 11th year, and providing more, and more relevant, support to more talented individuals than ever before.

This past year, and my last as Chair, has seen a number of really huge developments for UnLtd of which I am truly proud.

- Partnering the Local Trust, we are reaching out to find and support community entrepreneurs in the 150 most deprived neighbourhoods in the country.
- On the back of a very successful Big Venture Challenge pilot which supported 25 social ventures to attract external investment and to reach scale, we have just launched BVC2 for 30 social entrepreneurs this year, with a further 70 to follow in 2014 and 2015.
- Our learning platform and networks are extending out to over 100 partners as well as to our own staff
- In universities across the country we are working in partnership with HEFCE to create a culture of social entrepreneurship in students and staff alike.
- And in partnership with Telefonica's technology incubator, Wayra, we are providing support and investment to tech start-ups who want to create social change.

At the heart of UnLtd are a very talented team, a passionate Board of trustees, dedicated mentors and generous funders. As I move on and hand over the role of Chair to Martin Wyn Griffith, I would like to thank them all for their wonderful work.

Rich Benton  
Chair of the Board of Trustees (to 21 June 2013)

### 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, 26 September 2005, 29 January 2008, 23 July 2010 and 21 June 2013 and is a registered charity number 1090393.

During 2012/13, the Charity has conducted a thorough review of its governance arrangements. A revised set of Articles was passed as a special resolution on 21 June 2013.

#### b. How Trustees are recruited and appointed

Trustee nominations are reviewed by the Nomination, Remuneration and Governance Committee (NRG). Recommendations for trustee appointment are then put to by the full Board for approval. The maximum number of trustees shall be 11 including the chair. However, in exceptional circumstances, up to 4 additional trustee appointments can be made.

All trustees shall retire from office at the Trustees' meeting closest to the third anniversary of the commencement of his or her term of office. Retiring Trustees may be reappointed for a second term of office and, in exceptional circumstances, a third term of office.

During the transition period (up till Trustee appointment meeting in 2015), each member organisation is entitled to nominate a representative to the NRG Committee to be considered to serve as a partner trustee.

#### 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; the Director of Finance, HR and ICT; Director of Development; Director of Operations; Director of Ventures who also leads on FSE Management Services Ltd; Director of Research and Policy. In addition the Director of FirstPort, a separate charity registered in Scotland, is contracted to provide management support to the staff and operations of Scotland UnLtd.

The Operations Director is responsible for recommending awards in England, Wales and Northern Ireland, and final decisions on awards for the Millennium Awards Trust programme are made by the Awards Committee. In Scotland, decisions on awards are delegated to the board of Scotland UnLtd acting as its Awards Committee. Awards under some externally funded programmes are considered by their respective funders on recommendation from UnLtd staff. In 2012/13, UnLtd changed its system for Awards decisions, with the Awards Committee overseeing the systems and quality for all categories of awards.

Decisions on new developments are initiated by staff within the strategy agreed by the Board, with advice and support from the Business Development and Scrutiny Committee (BDSC) of the board. Formal levels of delegated authority are set for final decision making by senior staff, the BDSC, and the board itself. The Committee was replaced by a business development process involving a linked trustee and Business Development panel with modified authorisation thresholds.

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 time act in the best interests of the Charity and must avoid any conflict between their personal or outside 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 and Scrutiny Committee, Awards Committee, and Ventures Advisory Group. During 2012/13 the Board initiated major changes to staffing, structure and operational systems, and a comprehensive governance review; in the light of these activities, the Board also considered reports from an UnLtd2.0 Advisory Group, and a Governance Advisory Group. Committee structures are expected to change following the proposed special resolution.
- 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 and Scrutiny Committee (until a new system was created at the June 2013 general meeting).
- Awards recommendations and a detailed analysis of applications received and Awards made
- Reports from subsidiaries, specifically Scotland UnLtd 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 considers its work in three ways:

- 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. Every 5 years, the Board considers a full investment review.

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:

- Financial Procedures
- Executive Limitations
- Risk Management Policy
- Fraud Policy
- Equal Opportunities Policy
- Data Protection Policy
- Whistle Blowing Policy
- Safeguarding Policy
- Conflicts of Interest Policy
- Complaints Policy

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 throughout the 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 included the following funding and delivery partners:

- 56 Universities
- 7 FE Colleges
- 25 Community based organisations
- Actis
- Addleshaw Goddard
- Atlantic Philanthropies
- Big Lottery Fund
- Big Society Capital
- Big Society Network
- Bradford Council
- Bright One
- British Council
- Cabinet Office (as a Strategic Partner with the Social Entrepreneurs Partnership)
- Calouste Gulbenkian
- Changemakers
- ClearlySo
- Comic Relief
- Coutts
- Culture Group
- Debevoise & Plimpton
- Deloitte
- Department for Communities and Local Government
- Deutsche Bank
- DLA Piper
- Emerge Venture Labs
- Enkolon
- Ernst & Young
- Esmee Fairbairn Foundation
- Fairwood Trust
- First Port
- Guardian Social Enterprise Network
- HEFCE
- Hogan Lovells
- Innovation Exchange
- IoD
- I-Pro Bono
- Joseph Rowntree Foundation
- LawWorks
- Local Trust
- McKinsey & Co
- Media Trust
- NACUE
- National Federation of Market Traders
- NESTA
- Nike
- NPI China
- Office for Civil Society
- Oxford Jam
- PA Consulting
- PHS
- RSA
- Santander
- School for Start Ups
- Shaftesbury Partnership
- SHINE Unconference for Social Entrepreneurs
- Shirlaws
- Skoll Centre for Social Entrepreneurship
- Social Economy Alliance
- Social Enterprise UK
- Social Entrepreneurs Ireland

- Social Entrepreneurship Partnership
- Social Investment Business
- Society Media
- Steve Redgrave Trust
- Student Hubs
- Supper Club
- Thompson Reuters
- University College London as part of the Intellectual Property Office's Fast Forward Competition.
- UnLtd India and Journeys for Change
- UnLtd South Africa
- UnLtd Spain
- UnLtd Thailand
- Virgin Pioneers
- Wragge & Co

**f. Related parties**

The Foundation (UnLtd) had five active founding Member organisations in 2012/13

- 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 formed 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.

The relationships between the five active founding Member organisations and UnLtd was changed in June 2013, when a special resolution was proposed to establish new Articles for the Charity.

Scotland UnLtd has a working relationship with First Port. This operates under a Memorandum of Understanding.

UnLtd India, UnLtd South Africa, UnLtd Thailand, UnLtd Spain and UnLtd Hong Kong, are independent agencies operating in an informal fellowship with UnLtd. UnLtd licences the name "UnLtd" to each of these organizations for their respective countries. UnLtd also has similar fellowship arrangements with Social Entrepreneurs Ireland and with Non Profit Incubator in China.

UnLtd has agreed a new development with Wayra, the technology incubator subsidiary of Telefonica (operating as O2 in the UK). Wayra UnLtd will be a company jointly owned by Wayra and UnLtd, to operate a social mission technology incubator. The agreements to create this new entity were made in 2012/13 and the company will commence operations in 2013/14,

## 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 on the 29 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 27 January 2003 and reappointed on 27 January 2006, 27 January 2009 and 27 January 2012, with a fourth three year term of office to run until 26 January 2015. 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. The Chair of UnLtd also met and corresponded with the Protector during the year. 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 Firstport.

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 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 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 has 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.

The arrangements between UnLtd and Scotland UnLtd will be reviewed as part of the governance changes which will be proposed in 2013/14.

## **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 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 prospective social entrepreneurs from all backgrounds. Specific work has been carried out to extend the age range covered. Benefit is therefore made to the public at large.

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 2012/13**

UnLtd's key objective during the year 2012/13 was to continue progress on a five year strategic plan agreed in 2010, whilst continuing to provide direct support to social entrepreneurs and to increase the numbers helped and the quality of support offered.

A full list of objectives is provided at section 5a together with performance achieved against them in the year.

## **d. Charity's strategies**

The 5 year 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.

## **e. Significant activities**

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

### **Strategy implementation**

During the year, UnLtd continued progress on the priorities in our 5 year strategy. The four main elements were improvements to our awards products, our staffing structure and culture, our operational systems, and our governance.

The product review drew on our experience to date, surveys of our Award Winners and evaluations of our programmes of support, an external survey conducted by Sidekick Studios, and evidence from other providers of support from around the UK and internationally. Staff used a number of methods to design a new approach, including design camps, example social entrepreneur experiences, and detailed scrutiny of current schemes. A new core model emerged which places more emphasis on flexible response to the key stages in the most common journeys of social entrepreneurs. The model places strong emphasis on engaging the best people in a long term

network, offering financial and other support at the most relevant times. It identifies the stages of our work as scouting, filtering, engaging, connecting and influencing.

The core awards are now in operation as follows:

**Level 0 (Try It) Awards** provide an opportunity for individuals not yet used to managing large sums of money or planning larger projects. The funding will enable individuals to progress at their own pace with the right support to develop confidence and the entrepreneurial skills they will require to, in some cases to take on larger projects.

**Level 1 (Do It) Awards** are made to exceptional individuals who have the potential to bring about social change. Generally made at a very early stage when either the person is at the start of their entrepreneurial journey or their venture is in its infancy. The level of the support package required will be assessed through a diagnostic approach.

**Level 2 (Build It) Awards** are designed for social entrepreneurs who are ambitious to grow but not necessarily rapidly or to major national scale. The level of the support package required will be assessed through a diagnostic approach.

**Level 3 (Fast Growth) Awards** provide support and funding for individuals who wish to rapidly scale their venture. The awards can be given to individuals at any stage of their venture, from start up to established, and the intention is for the venture to significantly increase beneficiaries, revenue or staff over the course of 3 years. The awards in this fast growth track are distinct from those in the community entrepreneur track. This is not "step 4" in a sequence.

The principles of the new approach were agreed by UnLtd's board and the Protector during the previous year. Staff and trustees identified that the new model involved as much culture change as practical change. It was recognised that this would require us to align every aspect of the organisation for the new approach – strategy, structure, staff, skills, style, systems and shared values.

UnLtd therefore worked on a staff and structure review, with a close eye on the skills, working style and values required of the new approach. Given the scale of change involved, UnLtd engaged an organisational design and HR consultant to assist our work. Staff from across the organisation participated in the design of the new staff structure. This was completed and agreed by our board for formal consultation, with all staff, and with an elected staff forum. Many valuable responses were received and the structure was refined before being finalised and agreed by the board in March 2012. Implementation proceeded in April 2012 and most of the new structure and team were in place within 3 months.

UnLtd reviewed the skills and competencies needed by our frontline and administrative staff in order that they could deliver an excellent service to Award Winners. We have progressed organisational changes to introduce a learning academy, a "one UnLtd team" approach, performance management, systematic professional development and a move to field based working for our Award Managers.

Improved systems were developed for handling awards applications, filtering, assessment and decision. A project to create a revised CRM system and database was initiated and the preferred supplier was chosen. This project will be completed in 2013/14.

A major review of our governance was initiated by the Board, with assistance from a leading consultant on charity governance, and with a Governance Advisory Group of the Board. Options were developed in discussion with the Protector and with the current Member agencies, to ensure all perspectives were considered. A set of proposals was approved by the Board in March 2013 including revised Articles of Association, and Governance Review Document to act as a Concordat for all parties, and transition arrangements to take UnLtd from its previous governance to the new form over a period of 5 years. The recommendations were approved by a special resolution in the summer of 2013.

### **New awards programmes**

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

Our strategy prioritises backing people as social entrepreneurs in their communities, helping social entrepreneurs with high potential for growth to scale up their ventures, and helping to develop the social entrepreneur support sector. We were delighted to be successful in raising resources for all three priority areas during the year.

UnLtd is part of the 15 year £220m Big Local programme, funded by the Big Lottery Fund and led by the Local Trust. UnLtd's part of the Big Local is to find and support social entrepreneurs in the 150 chosen communities, and to support local agencies to develop their own support mechanisms for the future.

UnLtd was also supported by the Big Lottery Fund to deliver the Big Venture Challenge as part of their People Powered Change theme. This programme supported 25 of the social entrepreneurs with the highest potential for rapid growth and major impact, getting them ready for investment and assisting their development. The

programme has been highly successful, and the Big Lottery Fund has generously supported a second and longer term scheme to continue the work over the coming 3 years.

More detail on these two ground-breaking programmes is provided below.

Following on from a highly successful earlier scheme of Higher Education Social Entrepreneurship Awards funded by HEFCE, UnLtd was invited to propose a second phase of work. The second phase assists higher education institutions to create their own in house social entrepreneur support programmes. A total of 56 universities have participated so far, and a third phase of the programme is in negotiation. Building on the model, UnLtd has also commenced work with around 30 Further Education Colleges.

Our emphasis on generating greater support from the private sector led to an early success with Santander, who funded UnLtd to deliver 'Spark'. This is a national campaign with the aim of significantly expanding the availability of peer to peer support to social entrepreneurs. With a £500,000 investment from Santander, UnLtd aims to encourage a national movement of people who can pass on their own skills and experience gained from establishing a social venture.

### **Enhancing support for community entrepreneurs**

Following the success of pilots in Bolton and Bradford, UnLtd's engagement with social entrepreneurs in their communities is being developed in partnership with Big Local Trust. Called the Star People Programme, this is ground breaking work, providing an exciting opportunity for individuals in 150 previously overlooked communities to transform their local area.

Star People Award Managers identify and support creative individuals with drive and passion who can create positive change in their local areas. In another important development, our staff are assisted by partner organisations (Star Partners), together providing a really effective system of support for Award Winners.

### **MAT Awards**

Following a refreshed job description, the new MAT Award Managers came into post in June 2012 and supported existing Award Winners, responded to UK wide enquiries, but also targeted new areas. With the new Award Manager team we researched the distribution of UnLtd Awards over the past 10 years and identified areas of the UK that were not well represented. We then looked at significant population centres and rural areas with characteristics such as withdrawal of significant employment, youth unemployment hotspots alongside opportunities provided by engaged local authorities or ambitious Local Enterprise Partnerships.

### **Live UnLtd**

The Live UnLtd team was set up to focus on working with social entrepreneurs aged 11-21 across the UK. It achieved significant results in the reporting period:

- 1,447 people enquired through the Live UnLtd website or via phone in between 1<sup>st</sup> April 2012 and the 31<sup>st</sup> March 2013
- 363 awards made

This year Live UnLtd has delivered 6 campaigns. For instance, *Create Your Career* focused on school children and gave them a simple booklet and training boot camp to help shape viable social ventures they could run within the school environment. UnLtd partnered with Sir Steve Redgrave Fund and launched *Your Call Your Community* to find local ambassadors who wanted to run social ventures to address a problem in their area. *Work with Nike*, which saw young people setting up their own running crews across London, concluded this year.

Live UnLtd sourced and developed regional partnerships with healthcare trusts, a young offender's institute, Guide Dogs for the Blind and worked with 6 local organisations to implement a support programme in their locality. A successful international partnership with the British Council involved a large Active Citizens residential event for 30 young social entrepreneurs. This led to the opportunity for 5 young people to travel to Sudan and Serbia.

Live UnLtd devised a pilot programme with 7 Further Education College partners. Each partner was provided with an awards pot and tailored support for young learners within the college environment. Live UnLtd has developed a partnership with Save the Children to design a social enterprise curriculum, to be rolled out in 350 schools across the UK this year, as well as working in partnership with Young Enterprise to implement a 'social' Tenner in schools.

## UnLtd Ventures

During the last year UnLtd Ventures provided a range of business consulting and financial support to help inspiring, ambitious social entrepreneurs. Most of this support focused on growth, sustainability and capacity building for the entrepreneur and their ventures. It also contributed to the ecosystem of support for social entrepreneurs more generally

UnLtd Ventures have helped to deliver scale for social ventures via the MAT funded product, Fast Growth. This offers business development and supporting grants to ventures that want to grow but are not actively seeking investment.

The Ventures team also delivered scaling support via the Big Venture Challenge pilot programme and the Big Venture Challenge follow on programme, both funded by Big Lottery Fund.

UnLtd Ventures won support for its first incubator programme created in partnership with Telefonica's global tech start-up incubation and investment project, Wayra, and The Cabinet Office. Wayra UnLtd has been being created (post year end) to deliver incubation services to 3 x 10 cohorts over a minimum of two years by its joint owners Wayra UK and UnLtd.

Wayra UnLtd is a company limited by shares owned 50:50 by Wayra UK and UnLtd created to run for a minimum period of two years and set to support a cohort of 30, 10 every eight months. Each cohort member will receive £40,000 for approximately 10% of their shares. 50% of any profits made from the sale of this investment will be protected. They will be recycled into Wayra UnLtd if made during the first four years, thereafter into Telefonica's CSR activities. The Board of Wayra UnLtd will consist of one representative from Wayra UK, one from UnLtd and one independent member.

The first cohort of tech start-ups all dedicated to delivering positive social impact will be welcomed to the London based academy in September 2013. Alumni from Wayra UnLtd are likely to be pipeline for the Big Venture Challenge.

UnLtd received £847,979 (representing the first year funding) from the Cabinet Office in the reporting year but the corresponding expenditure will not take place until after the year end. This fund has been held in restricted reserves at year end.

Support provided by UnLtd Ventures from April 2012 – March 2013 included:

- Working with a total of 25 members of the Big Venture Challenge cohort and 10 Fast Growth award winners
- Providing bespoke one to one support to help Award Winners and participants build confidence and networks. To date 779 new contacts were brokered for the Big Venture Challenge cohort
- Helping ventures to define and evidence their social outputs
- Assisting the Big Venture Challenge Award Winners with investment readiness
- In 2012/13, 6 further co-investment deals were secured using £200K of the BVC match funding to leverage £450K co-investment
- This means that since the start of the programme 13 of our 25 Big Venture Challenge cohort won investment summing to a total amount of £1.98m, 78% of co-investment (to our match) came in the form of equity and 81% came from new investors to the social sector. For every £1 of match fund investment, £2.58 of co-investment was leveraged
- In 2012/13, the remaining 23 award winners generated a total turnover of over £20m – equivalent to a mean average turnover of £874,544 each
- 546 staff were working for BVC award winners by the end of 2012/13, along with 8,216 volunteers



- 62,154 people were benefiting from the work of BVC award winners by the end of 2012/13. From the start of the programme in 2011 up to March 2013, turnover grew across our BVC cohort by an average of 25%, employees by 18%, volunteers by 31% and beneficiaries by 18%.
- The Ventures and Research teams worked together, and uncovered, shared and published learnings, findings, successes and developments, supporting the ecosystem for social entrepreneurs.

The UnLtd Ventures team developed the scaling up strategy as part of the overall UnLtd strategy and future programmes have been designed to work with ambitious, high potential social entrepreneurs who want to scale up rapidly. The work and outputs of UnLtd Ventures are also designed to contribute more widely to the general ecosystem of support for social entrepreneurs.

### Older people and social entrepreneurship

UnLtd's two schemes to support social entrepreneurship by and for older people concluded this year. The 'Ignite' programme operated in Northern Ireland, thanks to support from the Atlantic Philanthropies, and the 'Engage' fellowship programme ran in partnership with the Calouste Gulbenkian Foundation. Over 200 people aged 50+ were supported to start up and scale up social ventures and an additional 8 people below the age of 50 established ventures addressing ageing issues.

UnLtd has captured the learning from these two schemes with important implications for policy and practice. To support practice, we ran an impact programme of conferences, events, and research publication. In November 2012 we launched a joint publication with Nesta called '*Rooted*', a guide/toolkit for later life people start a social venture. We were invited to the OECD special meeting on the silver economy in Japan in September 2012, and later life entrepreneurship is being taken forward as an area of enquiry as a result. In July 2012 we formed, in partnership with CSV, a working group of the Age Action Alliance called 'valuing the contribution of older people'.

### UnLtd Research and Policy

The development in UnLtd's monitoring and evaluation has resulted in a step change to the quality and quantity of data about social entrepreneurs. During the year programme reports were produced for funders and partners, alongside the largest Award Winner annual survey yet, reaching over 1,000 social entrepreneurs. We developed an evidence-based **Theory of Change**, which charts the social entrepreneur's journey. This provides a framework for understanding the value of support interventions at different stages of the journey, informing our products as well as sharing our model with partners and interested stakeholders.

Publications in the last year include a new version of **Social Entrepreneurs - The Facts**, a Survival Analysis and two Social Futures reports, one on the round table response to the 2011 riots and one on our young people's event. Two new findings papers were also published, **Golden Opportunities: Social Entrepreneurship in an Ageing Society**, and **Planning for Scale: How might Social Ventures Build Scalable Models That Will Fly**. Towards the end of the year we published **Rooted**, as described above, and **The Confidence Curve** which outlines our model of support for young social entrepreneurs.

Our Social Future programme continued with high impact events. In June 2012, we ran a design camp, with social entrepreneurs and partners, to look at how UnLtd's products and services could develop in the future. This session generated ideas, many of which are being built into the new programmes and products that we will be launching during 2013. We also developed policy consultations and discussions, for example leading a Cabinet Office round table on the role of micro-community organisations in supporting early stage social entrepreneurs.

As well as delivering the impact programme for our ageing work, as described above, we ran a similar stakeholder engagement programme including a conference as part of the Higher Education Social Entrepreneurship Awards scheme. This helped establish our new scheme in this sector, in which we are working in partnership with 40% of HEIs in England to create a groundswell of knowledge and capacity in social entrepreneur support.

## **Staffing**

Over the past year, UnLtd has employed an average of 79 (full time equivalent) staff, compared to 75 (full time equivalent) in the previous year. All staff receive an on-going programme of training and development.

## **Outreach and Marketing**

In 2012 a review of our brand and brand language commenced alongside our wider review of UnLtd's services to social entrepreneurs. During 2012/13, the new brand was agreed and has been phased into our materials, meeting a very positive response. We are making good progress towards a strategic outreach and communications methodology, including a single brand, phasing out sub-brands, and providing a stronger and more coherent message to our key stakeholders.

During the year the team have addressed the challenge to improve public and professional understanding and support for social entrepreneurship, balancing this against the need to attract applications from individuals who have the potential to succeed, rather than generating large volumes of ineligible applications through a generalised media presence or broad based outreach. We have focussed our energies on working with our growing networks and diverse partners in all sectors, who can reach out to the people we are most interested in supporting and act as "talent scouts" to refer the best candidates for our Awards. Our work in building an ecosystem of support has increased trust and reaches into disadvantaged communities, higher and further education sectors, people in later life and young people.

In line with this approach, UnLtd's external communications priorities are to undertake activities which will – in order of priority - Find, Influence, Resource and Inspire social entrepreneurs. We have developed our communications approach into a model of collaboration with partners and service providers to attract social entrepreneurs and partners who are interested in working with us. We plan to develop this approach further and to develop a more nimble, networked approach to outreach, communications and PR.

Our 10th birthday provided excellent opportunities to communicate the work of our Award Winners and the value of social entrepreneurs in UK society and beyond. Many of the social entrepreneurs we have supported have achieved substantial public recognition for their work. As well as celebrating the work of past Award Winners, we have launched a year long engagement with social entrepreneurs and support agencies on the future of support in this sector.

UnLtd has completed a 3 year contract with an external supplier for communications work, and will bring the function back in house during the coming year. Specialist communications functions, where required, will continue to be procured from third party operators as and when they are needed. A Head of Communications will be responsible for the efficient and creative deployment of limited resources for Millennium Awards Trust and externally funded work.

## **f. Volunteer help**

UnLtd Connect (pro bono and volunteering team) works in partnership across sectors and fosters meaningful 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 DLA Piper, Hogan Lovells, Thomson Reuters Foundation (Trustlaw Connect), Debevoise & Plimpton LLP, PA Consulting and i-ProBono, and approximately 300 individual volunteer mentors. UnLtd matches this support with award winners who are looking for this type of professional support.

### Connect Metrics & Financial Value for the financial year

- a. Number of Matches (1:1 support relationships) = 232 Financial Value approx. = £715,000
- b. Number of social entrepreneurs reached (through training workshops, webinars and clinics) = 532, Financial value approx. £163,000
- c. Number of Free Venues = 29 free venues, Financial value approx. £14,500

Total value of Connect work: approximately £892,500. This is an increase of £83,100 from last year.

## Rationale for counting financial value

- d. Each match is valued at two days' worth of volunteer time, rate: £1000 per day = £2000 per match
- e. Each match with a law firm is valued at £2,000 per day
- f. 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 had 4 principal levels of Awards:

**Level 0 (Try It) Awards** at £500. These awards are designed to give the individual a small of funding to launch a successful initiative.

**Level 1 (Do It) Awards** range from £500 to £5,000. These Awards are designed for people wishing to develop their ideas into real projects.

**Level 2 (Build It) 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 (Fast Growth) 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.

During the reporting year, our product review had developed new awards programmes which went into operation. These are:

**Try It Awards:** aimed at people who have an idea but need some experience to build their confidence and skills. Try It awards of up to £500 allow them to test their ideas.

**Do It Awards:** for individuals who have an idea which will change society for the better, and want help getting it off the ground. The funding of up to £5,000 is to help get the project up and running, and is backed by development support.

**Build It Awards:** for individuals whose ideas are already off the ground and now want help taking the project to the next level. The funds (of up to £15,000) are to enable the social entrepreneur to work full time on their venture, and are backed by more intensive development support and networking.

**Our Ventures** team also provides consultancy support and larger **Fast Growth** Awards to a small number of outstanding social entrepreneurs, helping them to scale up or replicate their projects. UnLtd Ventures helps these social entrepreneurs to build their capacity and skills as leaders and managers, to get them investment ready with the Big Venture Challenge scheme, and to help them to develop projects and organisations with robust infrastructures.

Most of our other schemes, funded with external resources, follow a similar pattern of levels. 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 has committed itself 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**

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**

The conflict of interest policy is set out to protect UnLtd (including our staff, trustees, award winners and people closely associated with UnLtd) from

- Perceived or actual conflicts of interest
- Adverse publicity
- Breach of legal or regulatory rules
- Perceptions of unfairness

- Relationship difficulties should applications be refused or awards be delivered poorly

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 UnLtd; and
- Indirect personal interest where a payment is made by 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 (conflict of interest and remuneration) of the Trust Deed. Specific detailed guidance is also provided to staff and Trustees in respect of interests relating to award applicants.

#### Trustees and Senior Staff

Recognising that trustees and senior staff are in particularly influential positions, our policy is that they 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. The declarations form part of the register of interests.

#### Register of Interests

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

#### **Complaints Procedure**

UnLtd's Complaints Procedure is as follows:

- 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.
- The Complaints Procedure is designed to try and resolve complaints locally to the satisfaction of the person complaining. In the first instance, the person making the complaint should telephone or write to the Operations Director.
- The Operations Director will deal with the complaint promptly and will acknowledge it within 5 working days.
- The Operations Director may need some time to investigate the matter but a written reply will be provided within 2 weeks.
- If the person making the complaint is not happy with the response from the Operations Director they may write to the Chief Executive of UnLtd.

- The Chief Executive will acknowledge receipt of the complaint within 5 working days. He / she will then investigate your complaint and will reach a decision on action to be taken, usually within 2 weeks. He / she will write to the person making the complaint with his / her decision.
- The decision of the Chief Executive is final. He / she 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.
- There is no right of appeal against decisions taken by the Board of Trustees on individual applications for Awards.
- 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 2 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

An independent "energy index" staff survey was conducted in 2012 and a further survey will be undertaken in 2013.

### **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. A new risk approach, taking into account UnLtd's stated risk appetite, is being developed in 2013/14.

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 6d.

## 5. ACHIEVEMENT AND PERFORMANCE

### a. Performance achieved against objectives set

Performance against the objectives for 2012/13:

Key: Green =achieved or exceeded Blue=will be achieved by end September 2013 Amber=partial achievement or will be achieved with longer delay Red = not achieved and unlikely to be			
Action	Objective for 31/3/13	Traffic light	Outcome notes
<b>People</b>			
Implement staff structure change for main delivery team	Fully in place by 9/12	Green	Teams recruited, inducted and delivering
Bed in professional firm model, "UnLtd Academy", CPD, buddying, expert practitioner approaches	Fully in place by 3/13	Blue	Professional firm model in place for core team. Academy development plan in place for 2013/4 and essential CPD components in place. Expert Practitioner approaches tried and tested
Review and implement Ventures staff and structure changes	3/13, may be earlier depending on funding decisions	Green	Structure concluded, all staff in post
Review research and policy staff and structure changes	Implementation in progress by 3/13	Green	Team in place with balanced structure
<b>Comms</b>			
New comms arrangements in place	3/13	Blue	Interim arrangements set up mid year. Permanent post now being recruited, expected before June 13.
10 <sup>th</sup> birthday/10,000 <sup>th</sup> award winner	Celebration Q1 2013	Green	Successfully showcased Award Winners work across the country, and engaged stakeholders in discussions about the future.
<b>Products and systems</b>			
Revised awards offers designed and in operation	Launch 9/12, fully in place 3/13	Green	Product and process review undertaken and new products launched Feb 2013. Staff trained in new methodology. Learning and refinement is on-going and some new support tools in development.
CRM development	Pilot full system 9/12, fully in place 3/13	Amber	Pilot quick fix completed. Full roll out as per contract will be September 2013
Partner working methodology	Implemented in 2 sectors by 3/13  Partner survey results 9/12	Green	New partner methodologies developed and being tested with community organisations, Higher Education and Further Education.  Survey Completed 9/12 – positive, with follow up actions in progress
Talent scout system	Model tested in practice by 3/13	Amber	Ventures talents scouts used for BVC2, call 1 with further developments coming in 2013.

ICT infrastructure upgrade and systems for mobile working	Audit 6/12, plan and interim changes by 9/12, full 3/13	Green	Project completed
<b>Research and learning</b>			
Performance system	Piloted and assessed by 3/13	Green	System set up 12/12, pilot with Awards Committee & AMs – expect to iterate through the year
Impact programmes	Two more by 3/13	Green	Three more implemented. Now have five programmes in progress extending through to 2016
Data commons	Engagement at UK, EU and global level 3/13	Amber	Engagement at UK level via HEI's. EU and Global much slower.
Surveys and findings	Surveys reported and 2 further findings published 3/13	Green	Surveys reported through Findings 1: Edition 2. A further 3 findings reports published this year.
Benchmarks and baselines	Establish by 3/13	Green	Rapid Evidence Assessment done 8/12. B&B built into reporting system and partnerships set up to answer longer term baselines
<b>Development</b>			
Resource raising	2 further major wins on community and scaling up by 3/13	Blue	Major wins on scaling for Big Venture Challenge 2, and Wayra UnLtd.  Advanced stage discussions with Big Local, expect programme extension for 3 years.  Negotiations with two major funders on community models likely to conclude in next few months.
Investment review	5 yearly investment review due for 2/13	Green	Investment review started on schedule
Networks	Specify, pilot and test by 3/13	Blue	Networks development plans advancing and team reconfigured to deliver networks strategy. £500k raised from Santander for 'Spark' to pilot new ideas, now in pilot for evaluation by June 13.
Ecosystem	First UnLtd projects to improve navigation of offers for social entrepreneurs, 3/13	Amber	Mapping Support to social entrepreneurs partnership – delivery in progress, although some way off to long term solution.
<b>Governance</b>			
Review governance arrangements	3/13	Blue	Principles for governance change discussed and agreed March 13. Special resolution expected to implement June 13
<b>Additional major achievements not in original plan</b>			
Impact analysis	Bringing together all evidence and statistics on UnLtd's work over the last	Green	Produced metrics pack for UnLtd bringing all stats into one place; communicated to staff now plan to



	10 years into an accessible format		put out tools to help us/partners use next year
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Performance towards the strategic approaches in our 5 year strategy  
 More information regarding the strategy is provided in section 7a.

<i>We will focus on <b>three strategic approaches</b> 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	<ul style="list-style-type: none"> <li>• UnLtd is a core partner in the 15 year Big Local Trust initiative for the 150 most disadvantaged areas in England</li> <li>• New initiatives are in development with Further Education colleges, youth initiatives, and testing how community organisations can become sustainable</li> <li>• UnLtd has a strong focus in our development work on getting social entrepreneur support at local level</li> </ul>
Helping social entrepreneurs with high potential for growth to <b>scale up</b> 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	<ul style="list-style-type: none"> <li>• The Big Venture Challenge was designed, funded and delivered with acclaim and outstanding results</li> <li>• Big Venture Challenge 2 methodology was designed based on learning from BVC1, has secured funded and launched</li> <li>• Wayra UnLtd is our first sectoral social incubator and will commence work in 2013</li> <li>• Our new Fast Growth awards are in operation</li> </ul>
Helping to develop the <b>social entrepreneur support sector</b> into an effective system of help which makes it much easier for social entrepreneurs to get going and thrive	<ul style="list-style-type: none"> <li>• Ecosystem developments are underway with 150 disadvantaged communities, 56 universities, c35 FE colleges, several youth focused test beds, and social venture incubators/angel investors</li> <li>• Pilots are underway to test a more viral peer to peer approach</li> <li>• Mapping and navigation projects are underway with 42 support agencies showing interest</li> <li>• We have commenced work on our online learning platform</li> </ul>

### Millennium Awards Trust Awards Applications and Analysis

In the period, 1,960 applications were received. Of these applications, 472 Level 1 or Do It Awards (501 Award Winners), 44 Level 2 or Build It Awards (45 Award Winners) and 10 Level 3 or Fast Growth Awards (10 Award Winners) have been made. In total £2,094,677 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, 1,423 applications were received. Of these applications, 174 Level 0 or Try It Awards (174 Award Winners), 269 Level 1 or Do It (272 Award Winners), 69 Level 2 or Build It Awards (69 Award Winners) and 4 Level 3 or Fast Growth Awards (4 Award Winners) have been made. In total £2,336,673 was committed 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 (Try It) / 1 (Do It): 1,891 applications were received, of which 472 were awarded to 501 individuals.  
At Level 2 (Build It) / 3 (Fast Growth): 69 full applications were received, of which 54 awards were awarded to 55 individuals.

Ratio of successful to total applications:  
25 % at Level 0 (Try It) / 1 (Do It)  
78 % at Level 2 (Build It) / 3 (Fast Growth)

The success rate at Level 0 (Try It) / 1 (Do It) has decreased from 39% in the previous year to 25% and the success rate at Level 2 (Build It) / 3 (Fast Growth) has increased from 11% in the previous year to 78%.

Total grant commitment on Awards as a percentage of total grants available for distribution is 99.1% for the Millennium Awards Trust (MAT)

**Non-MAT (Externally Funded Awards)**

At Level 0 (Try It) / 1 (Do It): 1,324 applications were received, of which 443 were awarded to 446 individuals.  
At Level 2 (Build It) / 3 (Fast Growth): 99 full applications were received, of which 73 awards were awarded to 73 individuals.

Ratio of successful to total applications:  
33% at Level 0 (Try It) / 1 (Do It)  
74% at Level 2 (Build It) / 3 (Fast Growth)

The success rate at Level 0 (Try It) / 1 (Do It) has decreased from 64% in the previous year to 33% and the success rate at Level 2 (Build It) / 3 (Fast Growth) has increased from 9% to 74%.

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:

£295 per application, including staff and IT costs.

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

During the period 162 Award Winners; 138 award winners from MAT programmes, 24 award winners from externally funded programmes withdrew or had their award withdrawn, equivalent to 4.5% of the total value of awards committed in the year.

Number of Awards where monitoring has revealed fraud:

0 case of fraud was reported in the period.

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

Geographical and demographic distribution of Awards

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

<b>Aim of Project **</b>	<b>MAT * Percentage</b>	<b>Non-MAT * Percentage</b>
Campaigning an issue	5.9	5.8
Organising a service	57.8	50.7
Organising an event	4.1	7.3
Passing on skills	30.2	30.0
Other	2.0	6.1
Multiple Project Aims	40.2	33.5
No Project Aims	2.4	0.0
<b>Category of Project **</b>	<b>MAT * Percentage</b>	<b>Non-MAT * Percentage</b>
Environment	5.0	5.4
Health	9.4	10.2
Community & Social	24.8	27.5
Science	0.4	0.2
The Arts	6.2	5.2
Sport	2.0	4.6
Education	12.0	8.0
Refugee/Asylum Seekers	1.4	0.4
Disabled People	4.9	3.8
Children/Young People	15.0	17.5
Older People	5.0	7.2
Lone Parents	2.8	2.0
Mental Health	6.0	2.6
Ex-offenders	1.9	1.8
Other	3.1	3.4
Multiple Project Categories	70.7	57.0
No Project Category	1.9	0.0
* Excludes Live Awards		
** not mutually exclusive		

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

**MAT**

	Successful applicants* Percentage
<b>Age</b>	
Under 16	0.5
16-17	8.4
18-24	27.1
25-34	17.6
35-49	30.1
50-64	14.2
65+	1.3
Undisclosed	0.8
<b>Gender</b>	<b>Percentage</b>
Male	48.3
Female	51.2
Prefer not to answer	0.2
Undisclosed	0.3
<b>Ethnicity</b>	<b>Percentage</b>
White	64.6
Asian/Asian British	7.8
Black / African / Caribbean / Black British	13.9
Mixed / multiple ethnic groups	1.2
Other ethnic group	1.6
Prefer not to answer	0.3
Undisclosed	10.6
<b>Disability</b>	<b>Percentage</b>
Disability	6.3
No Disability	83.7
Undisclosed	10.0
* Includes Live MAT funded Awards	

**Non-MAT**

	Successful applicants* Percentage
<b>Age</b>	
Under 16	13.9
16-17	9.9
18-24	23.2
25-34	10.4
35-49	16.5
50-64	13.9
65+	2.4
Undisclosed	9.8
<b>Gender</b>	<b>Percentage</b>
Male	50.1
Female	49.2
Prefer not to answer	0.2

Undisclosed	0.5
<b>Ethnicity</b>	<b>Percentage</b>
White	66.6
Asian/Asian British	9.7
Black / African / Caribbean / Black British	8.9
Mixed / multiple ethnic groups	1.8
Other ethnic group	0.5
Prefer not to answer	0.0
Undisclosed	12.5
<b>Disability</b>	<b>Percentage</b>
Disability	6.6
No Disability	79.5
Undisclosed	13.9
* Includes non MAT funded Live Awards	

### Monitoring information

Successful project completion:

During this period 847 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 information is only collected at the end of an award. During this period of the Award Winners who completed their projects, 647 were invited to complete a Transitioning Questionnaire. The results are below. (The remaining Award Winners were given a pilot transitioning questionnaire. We are reporting on only those who completed the Transitioning Questionnaire to enable comparison).

Note on methodology: During the year we introduced a new evaluation approach where surveys are carried out independently of the Award Manager. We have piloted questions with amended wording, to reflect the changing product offer and gain a more sophisticated understanding of satisfaction. We will report on this new measure in the next financial year.

Statement	Response Rate*	"Not at all useful" (of those who responded)	"Okay" (of those who responded)	"Very Useful" (of those who responded)
Networking with other entrepreneurs	48.1%	12.7%	38.1%	49.2%
Support and encouragement from Award Manager	51.3%	4.9%	24.1%	71.0%
UnLtd's Website	46.1%	19.1%	55.3%	25.6%
Mentor (other than Award Manager)	36.1%	24.8%	31.8%	43.4%
Awards day	40.4%	12.2%	38.7%	49.1%

Project shaping meeting/meetings at the beginning of my project	48.0%	6.5%	30.7%	62.8%
Transitioning Meeting/meetings at the end of my project	34.0%	16.2%	39.9%	43.9%
*Based on 647 Award Winners who were invited to complete Transitioning Form (excludes Live Award Winners)				

### Progression between levels of awards – MAT scheme

#### **% of Level 1 (Do It) award recipients to receive a Level 2 (Build It) Award:**

There were 45 Level 2 (Build It) awards made in 2012/13. 25 of these, or 56%, were former Level 1 (Do It) Award Winners.

#### **% of Level 2 (Build It) awards recipients to receive a Level 3 (Fast Growth) Awards**

There were 10 Level 3 (Fast Growth) Award Winners in 2012/13. 4 were a previous Award Winners.

<b>MAT + External</b>	<b>Total Awards</b>	<b>Withdrawn</b>	<b>Adjusted Total</b>
<b>LEVEL 0 (Try It)</b>			
Amount	£85,739	£2,000	£83,739
No of Award Winners	174	4	170
No of awards	174	4	170
No of group awards	0	0	0
No of individual awards	174	4	170
Average per Award Winner	£493	£500	£493
<b>LEVEL 1 (Do It)</b>			
Amount	£2,229,679	£190,052	£2,039,627
No of Award Winners	773	155	640
No of awards	741	149	585
No of group awards	34	5	29
No of individual awards	707	151	556
Average per Award Winner	£2,907	£1,226	£3,187
<b>LEVEL 2 (Build It)</b>			
Amount	£1,935,983	£13,000	£1,922,983
No of Award Winners	114	2	112
No of awards	113	2	111
No of group awards	1	0	1
No of individual awards	112	2	110
Average per Award Winner	£16,982	£6,500	£17,169
<b>LEVEL 3 (Fast Growth)</b>			
Amount	£395,000	£10,000	£385,000
No of Award Winners	14	1	13
No of awards	14	1	13
No of group awards	0	0	0
No of individual awards	14	1	13
Average per Award Winner	£28,214	£10,000	£18,214

MAT + External	Total
<b>L 0 &amp; 1</b>	
Applications received	3,215
Applications awarded	1,255
Success ratio	39%
Withdrawn	159
<b>L2 &amp; 3</b>	
Applications received	168
Applications awarded	127
Success ratio	76%
Withdrawn	3

#### **b. Fundraising performance**

The overall external restricted income has increased by 52% to £7.1M. This increase was mainly the result of a number of new successful bids including Santander, Cabinet Office (Social Incubator Fund) and an increased level from some existing external funders including Big Local Trust (Star People) and HEFCE. In addition, UnLtd has continued to receive funding from existing external funders include Big Lottery Fund (Live), Comic Relief through its Sports Relief Programme, Big Lottery Fund (Big Venture Challenge) and Atlantic Philanthropies.

#### **c. Investment performance**

Over the year to 31 March 2013, the value of the investment portfolio (after withdrawal) had gone up from £112.1M to £124.4M. This is £7.1M below the real value (the initial endowment adjusted for inflation) of £131.5M. Included within the overall portfolio was an income reserve of £6.8M (£6.1M as at March 2012).

The performances of the the different components within the investment portfolio were measured against respective benchmarks whereas the overall portfolio performance was measured against rate of inflation (in line with the Trust Deed). The overall portfolio return for the year was 13.38% (1.43% in 2012), well above the increase in CPI of 2.63%.

#### **d. Factors affecting performance**

Government departments, charities and businesses are becoming more aware of the value and potential of social entrepreneurs. This continues to create a more favourable environment for UnLtd to operate, and also to raise funds.

This growing interest has led to an increase in the number of agencies providing support to social entrepreneurs. This helps our mission, but can be challenging in competition for funds. Many of our new programmes are constructed on a partnership basis.

Investment market conditions improved during the year but the endowment value still remains a concern. The level of funds which could be sustainably drawn was still lower in real terms than in earlier years. Fortunately, our external fundraising increased once again in the year and this has allowed another growth budget to be set for 2013/14 overall.

Government funds for civil society continue to face cuts. However the level of support from companies and lottery distributors increased once again.

The staff and structure review, along with changes to our awards and support programmes, created a short term reduction in work output. However UnLtd has been able to attract excellent new staff to the team, and the new structure and culture are proving their worth. The teams achieved a remarkable catch up during the year so that year end outputs came close to targets.

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 partners, 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. At the end of March 2013, UnLtd's reserves equal to 9 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.

An Investment Review was carried out in 2013. The recommendations to reduce the amount of long term draw down and to move to more return seeking assets were accepted by the Board.

In addition, throughout 2012/13, the Foundation had a number of external sources of funding, most of which are restricted. These are outlined above in section 5b, Fundraising Performance.

As at 31 March 2013, the group has net current liabilities of £297K and reserves of £6.4M.



**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 of the endowment 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 FCA 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**

UnLtd developed a strategy agreed in autumn 2010 which 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 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"> <li>• People who have strong potential to deliver social value, now have more skills and confidence to act for social benefit</li> <li>• There is an environment in which social entrepreneurs can thrive</li> <li>• Larger numbers of social entrepreneurs get help to start up, and to scale up</li> </ul>
<i>...of people who can transform the world in which they live</i>	<ul style="list-style-type: none"> <li>• Creating social capital</li> <li>• Creating social impact</li> </ul>
Our indirect outcomes: <i>...often also:</i>	<ul style="list-style-type: none"> <li>• Creating economic impact</li> <li>• Creating social innovation</li> <li>• Raising aspiration in disadvantaged communities</li> </ul>

## b. Objectives for coming year

UnLtd is on course for the greatest impact since we were formed in 2003. Following decisions on our long term strategy in 2010, we are well underway with a series of major upgrades to our working methods, at the same time as delivering some of our most ambitious programmes, with a refreshed and restructured staff team, and a comprehensive governance review. 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, and when the opportunities for people to start social ventures have never been greater.

UnLtd is working towards a future where support for social entrepreneurs is available and understood widely. Our direct support work is therefore accompanied by partnerships and sector development, amplifying the impact and building a sustainable ecosystem of support.

In this context, and following on from work completed in 2012/13, our objectives for the coming year are set out below.

Year plan 2013/14 – agreed by the Board March 2013		
	Priority	Objective
<b>Embed</b>		
1	Embedding cultural change across the organisation	Implement “one UnLtd” team sharing and learning programme, including use of intranet
2	Implementing our new Awards	Review the progress of our new Awards and where necessary revise processes
3	Knowing our impact	Full implementation of AM achievement reports, identification and use of key measures
4	Recognising achievement	Design and rollout achievement recognition system for all teams: Final plans approved Managers training
5	Implementing a single CRM system across UnLtd	ThankQ designed, delivered, tested, rolled out, bugfixed (a full project plan exists) Early adopters pilot (BVC) Full rollout including staff training
6	Developing our talent	Fully implement and roll out the UnLtd Academy – a full work plan exists Instigate an annual programme of mindmelds, webinars, study lunches and development sessions Present business plan for the Academy approved Implement plan
7	Governance changes	Changes agreed by special resolution and implemented
8	New ways of working for trustees	Test, review & implement the new approach to lead trustees/committee chairs and quarterly board meetings
<b>Deliver</b>		
9	Core MAT awards	Deliver 660 Do It and 18 Build It Awards Deliver 15 Fast Growth Awards
10	Externally funded awards	Deliver 401 Try It, 335 Do It, and 17 Build It Awards (for scaling up work see 14)
11	Star people programme as part of Big Local	Design the second phase of our Starpeople programme for 2014/15 onwards and negotiate agreement with Local Trust
12	Live UnLtd	Design the next phase of our youth social entrepreneurship work Initiate discussions with funders
13	Higher education programme and extension to further education	Complete current programme with 54 HEIs, secure next phase programme, and extend to 30 – 35 FE Colleges
14	Scaling up programme: Big Venture Challenge and Wayra UnLtd	BVC I : grant final £150k, scale-up cohort, produce impact and evaluation report, build peer to peer. BVC II : select first 30, find investors, match this with £1.5m, scale up and measure impact. Wayra UnLtd : prepare incubator space, find first cohort of 10, deliver incubator programme.
15	Networks approach including peer to peer support and Connect	Pilot, iterate and roll out peer to peer support model Propose and implement new networks model incorporating Connect

16	Research, policy and demonstrating and influencing programmes	Deliver next series of research reports, develop our policy approach, deliver demonstrating and influencing plans, integrate our learning into design and delivery
<b>Design</b>		
17	Planning for the impact of the Investment Review	Agree new investment strategy Budget 2014 Identify operational implications and new approaches to fit
18	Communications	New approach to delivering basic communications and; design/develop plan for longer term
19	New approach to locally focused social entrepreneur support	Expand the impact of eco-system development part of UnLtd 5 year strategy through innovation, partnerships and new forms of collaboration, including locality based working.
20	New approach to resource raising	Review and improve efficiency, effectiveness and capacity of development team and processes. Develop stronger alignment across UnLtd and between development, research and policy.
21	Resourcing our growing network of partners with the tools and information needed for quality	Plan, develop and deploy key eco-system /partner development systems e.g. <ul style="list-style-type: none"> <li>• Support Manuals</li> <li>• CRM access</li> <li>• Peer-peer support</li> <li>• Partner training</li> <li>• Diagnostics tool</li> <li>• Partner quality system</li> </ul>
22	Taking our international network and learning towards sustainability	Identify business model and pursue resources to underpin our global learning network and capacity to support new "UnLtds"

## 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. Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent charity and of the incoming resources and application of resources, including its income and 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 accounting 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 adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the group and parent charity and enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the group and parent charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Auditors

On 2 April 2013, PKF (UK) LLP merged with Accountancy and Business advisory firm BDO LLP. The Board of Trustees accepted the resignation of PKF (UK) LLP and appointed BDO LLP as its auditor for 2012/13.

A resolution to reappoint BDO LLP will be proposed at the next Annual General Meeting.

As far as the Trustees are aware, there is no relevant audit information of which the auditors are unaware and each Trustee has taken all the steps that he or she ought to have taken as a Trustee in order to make himself or herself aware of any relevant audit information.

Approved by the Trustees on 16 September 2013 and signed on their behalf by:



Trustee

JASON SHAW

**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 2013**

**INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF THE FOUNDATION FOR SOCIAL  
ENTREPRENEURS (UNLTD)**

We have audited the financial statements of The Foundation For Social Entrepreneurs (UnLtd) for the year ended 31 March 2013 which comprise the Group Statement of Financial Activities, the Group and Parent Charitable Company Balance Sheets, the Group 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 the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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**

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

**Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 March 2013, 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 2013**

**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:

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

**BDO LLP**

Karen Thompson, Senior Statutory Auditor  
for and on behalf of BDO LLP, Statutory Auditor  
London  
United Kingdom

Date: **25 September 2013**

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).



**THE FOUNDATION FOR SOCIAL ENTREPRENEURS (UnLtd)**  
**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES**  
(incorporating an income and expenditure account)  
**FOR THE YEAR ENDED 31 MARCH 2013**

	<u>Notes</u>	<u>Unrestricted Funds</u> £	<u>Restricted Funds</u> £	<u>Endowment Funds</u> £	<u>Total 2013</u> £	<u>Total 2012</u> £
<b>Incoming resources</b>						
Voluntary income	2	-	7,125,419	-	7,125,419	4,656,677
Investment income	3	3,294,945	-	-	3,294,945	4,284,360
Income from charitable activities	4	15,758	-	-	15,758	98,585
Other incoming resources		7,723	-	-	7,723	71,171
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total incoming resources</b>		3,318,426	7,125,419	-	10,443,845	9,110,793
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Resources expended</b>						
Cost of generating funds		120,986	-	-	120,986	127,692
Trading activities in subsidiaries	4	13,227	-	-	13,227	79,122
Charitable expenditure:						
Grants payable	5	2,094,677	2,336,673	-	4,431,350	3,268,496
Costs of support to Awardees	6	2,875,152	2,281,657	-	5,156,809	5,010,253
Governance	7	141,449	22,855	-	164,304	121,531
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total resources expended</b>		5,245,491	4,641,185	-	9,886,676	8,607,094
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net incoming/(outgoing) resources before other recognised gains and losses</b>		(1,927,065)	2,484,234	-	557,169	503,699
<b>Other recognised gains and losses:</b>						
Gains/(Losses) on investments		187,406	-	11,612,579	11,799,985	(2,346,876)
Transfer between funds		184,138	(184,138)	-	-	-
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net movement in funds</b>		(1,555,521)	2,300,096	11,612,579	12,357,154	(1,843,177)
Balance at 1st April		3,029,084	2,654,849	106,032,489	111,716,422	113,599,599
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Balance at 31st March</b>		<u>1,473,563</u>	<u>4,954,945</u>	<u>117,645,068</u>	<u>124,073,576</u>	<u>111,716,422</u>

All amounts derive from continuing activities.

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

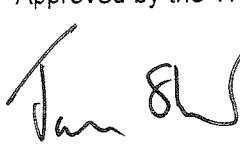
The accompanying notes on pages 43 to 51 form part of these financial statements.

**THE FOUNDATION FOR SOCIAL ENTREPRENEURS (UnLtd)**  
**BALANCE SHEETS**  
**AT 31 MARCH 2013**

Company number: 4180639

	<u>Notes</u>	<u>2013</u> <u>UnLtd</u> £	<u>2013</u> <u>Group</u> £	<u>2012</u> <u>UnLtd</u> £	<u>2012</u> <u>Group</u> £
<b>Fixed assets</b>					
Tangible assets	8	24,400	899,400	4,457	884,457
Investments	9	-	124,414,978	-	112,163,092
		<u>24,400</u>	<u>125,314,378</u>	<u>4,457</u>	<u>113,047,549</u>
<b>Current assets</b>					
Debtors	10	5,064,876	864,834	3,353,687	1,256,877
Cash at bank and in hand		1,343,379	1,471,005	373,625	651,889
		<u>6,408,255</u>	<u>2,335,839</u>	<u>3,727,312</u>	<u>1,908,766</u>
<b>Creditors: amounts falling due within one year</b>	11	559,937	2,632,836	353,539	2,206,937
<b>Net current assets/(liabilities)</b>		<u>5,848,318</u>	<u>(296,997)</u>	<u>3,373,773</u>	<u>(298,171)</u>
<b>Total assets less current liabilities</b>		5,872,718	125,017,381	3,378,230	112,749,378
<b>Creditors: amounts falling due after more than one year</b>	12	-	943,805	-	1,032,956
<b>Total net assets</b>		<u><u>5,872,718</u></u>	<u><u>124,073,576</u></u>	<u><u>3,378,230</u></u>	<u><u>111,716,422</u></u>
<b>Funds</b>					
Endowment	13	-	117,645,068	-	106,032,489
Restricted funds		4,954,945	4,954,945	2,654,849	2,654,849
Unrestricted funds		917,773	1,473,563	723,381	3,029,084
		<u>5,872,718</u>	<u>124,073,576</u>	<u>3,378,230</u>	<u>111,716,422</u>

Approved by the Trustees, authorised for issue on 16 September 2013 and signed on their behalf by:



Trustee

JASON STEWART

**THE FOUNDATION FOR SOCIAL ENTREPRENEURS (UnLtd)**  
**CONSOLIDATED CASHFLOW STATEMENT**  
**FOR THE YEAR ENDED 31 MARCH 2013**

	<u>2013</u>	<u>2012</u>	
	£	£	
<b>Cash inflow/(outflow) from operating activities</b>			
Net incoming/(outgoing) resources	557,169	503,699	
Investment income earned	(3,294,945)	(4,284,360)	
Loan interest charges	14,589	15,768	
Depreciation of tangible fixed assets	21,623	11,589	
(Increase)/decrease in debtors	392,043	(284,929)	
Increase/(decrease) in creditors	424,705	(71,529)	
	<hr/>	<hr/>	
<b>Net cash (outflow) from operating activities</b>	(1,884,816)	(4,109,762)	
	<hr/>	<hr/>	
<b>Returns on investments and servicing of finance</b>			
Investment income received	3,294,945	4,284,360	
Interest paid	(14,589)	(15,768)	
	<hr/>	<hr/>	
	3,280,356	4,268,592	
	<hr/>	<hr/>	
<b>Capital expenditure and financial investment</b>			
Payments to acquire tangible fixed assets	(36,568)	-	
Net (payments)/receipts - fixed asset investments	(451,900)	(57,146)	
	<hr/>	<hr/>	
	(488,468)	(57,146)	
	<hr/>	<hr/>	
<b>Net cash inflow/(outflow) before financing</b>	907,072	101,684	
<b>Financing</b>			
Loan repayments	(87,956)	(86,777)	
	<hr/>	<hr/>	
<b>Increase/(decrease) in cash in the year</b>	819,116	14,907	
	<hr/> <hr/>	<hr/> <hr/>	
<b>Analysis of changes in net funds</b>			
	At 31 March	<u>Cashflow</u>	At 31 March
	<u>2012</u>	£	<u>2013</u>
	£		£
Cash at bank and in hand	651,889	819,116	1,471,005
(including short term deposits)	(1,120,912)	87,956	(1,032,956)
Loan	<hr/>	<hr/>	<hr/>
	(469,023)	907,072	438,049
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**THE FOUNDATION FOR SOCIAL ENTREPRENEURS (UnLtd)  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2013**

**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) 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 2013

2 Funds Analysis

	Fund balance At 1 April <u>2012</u> £	Incoming resources £	Outgoing resources £	Fund Transfers & Other Movements £	Fund balance at 31 March <u>2013</u> £
<b>Restricted Funds</b>					
Big Lottery Fund - Live	251,637	1,069,774	673,596	-	647,815
Big Lottery Fund – BVC I	710,671	474,979	872,010	-	313,640
Big Lottery Fund – BVC II	-	102,922	98,089	-	4,833
Big Local Trust – Star people	151,147	1,277,105	660,903	-	767,349
Atlantic Philanthropies	63,748	220,000	234,282	-	49,466
Joseph Rowtree	18,122	-	19,954	1,832	-
Nominet	77,586	-	-	(77,586)	-
NESTA - IRF	30,625	-	8,728	-	21,897
Comic Relief	764,213	663,556	321,116	-	1,106,653
Steve Redgrave Fund	-	103,508	42,316	-	61,192
V / Vodafone	34,887	-	-	(34,887)	-
Youth – Other	49,596	23,250	45,116	-	27,730
Home office	-	33,689	-	(33,689)	-
HEFCE	256,461	1,636,106	1,447,322	-	445,245
Cabinet Office – Wayra UnLtd	-	847,979	10,404	-	837,575
DCSF	39,808	-	-	(39,808)	-
Neighbourhood challenge	62,571	-	-	-	62,571
Affinity Sutton	49,979	-	-	-	49,979
Santander	-	475,957	2,152	-	473,805
Other	93,798	196,594	205,197	-	85,195
<b>Total Restricted Funds</b>	<u>2,654,849</u>	<u>7,125,419</u>	<u>4,641,185</u>	<u>(184,138)</u>	<u>4,954,945</u>
<b>Endowment Funds</b>	106,032,489	-	-	11,612,579	117,645,068
<b>Unrestricted Funds</b>	<u>3,029,084</u>	<u>3,318,426</u>	<u>5,245,491</u>	<u>371,544</u>	<u>1,473,563</u>
<b>Total Funds</b>	<u><u>111,716,422</u></u>	<u><u>10,443,845</u></u>	<u><u>9,886,676</u></u>	<u><u>11,799,985</u></u>	<u><u>124,073,576</u></u>

**THE FOUNDATION FOR SOCIAL ENTREPRENEURS (UnLtd)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2013**

**3 Incoming resources**

	<u>Unrestricted</u>	<u>Restricted</u>	<u>2013</u>	<u>2012</u>
	£	£	Total	Total
			£	£
Investment income	3,294,945	-	3,294,945	4,284,360
	3,294,945	-	3,294,945	4,284,360

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.

**4 Trading subsidiary activities**

UnLtd has one wholly owned UK trading subsidiary, 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.

A summary of their trading result is shown below.

	<u>Unrestricted</u>	<u>Restricted</u>	<u>2013</u>	<u>2012</u>
	£	£	Total	Total
			£	£
Turnover	15,758	-	15,758	98,585
Expenditure	13,227	-	13,227	79,122
	15,758	-	15,758	98,585
Profit before gift aid	2,531	-	2,531	19,463
Gift aid to UnLtd	2,531	-	2,531	19,463
	-	-	-	-
Retained in subsidiary	-	-	-	-

**5 Charitable expenditure – grants payable**

	<u>Awarded</u>	<u>Outstanding at</u>
	<u>in year</u>	<u>31 March 2013</u>
	£	£
<b>Charitable expenditure - Grants payable</b>		
Level 0 grant payable Awards to 174 individuals (2012 – 0)	83,740	36,418
Level 1 grant payable Awards to 773 individuals (2012 – 858)	2,039,627	1,489,228
Level 2 grant payable Awards to 114 individuals (2012 – 51)	1,922,983	234,344
Level 3 grant payable Awards to 14 individuals (2012 – 40)	385,000	147,500
	4,431,350	1,907,490

THE FOUNDATION FOR SOCIAL ENTREPRENEURS (UnLtd)  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 31 MARCH 2013

<b>6</b>	<b>Charitable expenditure – costs of support to awardees</b>	<b><u>2013</u></b> £	<b><u>2012</u></b> £
	Salaries	3,142,104	2,842,942
	Premises	362,426	301,585
	IT	177,102	143,847
	Events	167,236	209,066
	Travel	350,003	284,479
	Marketing	711,335	526,287
	Depreciation	21,623	11,589
	Grants to delivery partners for support of awardees	176,396	594,732
	Other	48,584	95,726
		<hr/>	<hr/>
		5,156,809	5,010,253
		<hr/> <hr/>	<hr/> <hr/>
<b>7</b>	<b>Charitable expenditure – governance costs</b>	<b><u>2013</u></b> £	<b><u>2012</u></b> £
	Salaries	73,518	70,902
	Trustees expenses	2,350	1,313
	Legal	30,112	17,264
	Audit - external audit	25,680	21,420
	- other services provided by external auditors	-	-
	Internal audit	27,396	1,409
	Other	5,248	9,223
		<hr/>	<hr/>
		164,304	121,531
		<hr/> <hr/>	<hr/> <hr/>
	(External audit fees net of VAT = £21,400)		

THE FOUNDATION FOR SOCIAL ENTREPRENEURS (UnLtd)  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 31 MARCH 2013

8 Tangible fixed assets (Consolidated)

	<u>Land</u> £	<u>Building</u> £	<u>Computer and IT</u> £	<u>Furniture and fixtures</u> £	<u>Total</u> £
<b>Cost</b>					
At 1 April 2012	800,000	125,000	312,294	549,153	1,786,447
Additions	-	-	36,566	-	36,566
Disposals	-	-	(142,755)	-	(142,755)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2013	800,000	125,000	206,105	549,153	1,680,258
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>					
At 1 April 2012	-	45,000	307,837	549,153	901,990
Disposals	-	-	(142,755)	-	(142,755)
Charge for the year	-	5,000	16,623	-	21,623
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2013	-	50,000	181,705	549,153	780,858
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net book values</b>					
At 31 March 2013	800,000	75,000	24,400	-	889,400
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 March 2012	800,000	80,000	4,457	-	894,457
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

8 Tangible fixed assets (UnLtd)

	<u>Computer and IT</u> £	<u>Furniture and fixtures</u> £	<u>Total</u> £
<b>Cost</b>			
At 1 April 2012	305,659	13,058	318,717
Additions	36,566	-	36,566
Disposals	(142,755)	-	(142,755)
	<hr/>	<hr/>	<hr/>
At 31 March 2013	199,470	13,058	212,528
	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>			
At 1 April 2012	301,202	13,058	314,260
Disposals	(142,755)	-	(142,755)
Charge for the year	16,623	-	16,623
	<hr/>	<hr/>	<hr/>
At 31 March 2013	175,070	13,058	188,128
	<hr/>	<hr/>	<hr/>
<b>Net book values</b>			
At 31 March 2013	24,400	-	24,400
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 March 2012	4,457	-	4,457
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>



**THE FOUNDATION FOR SOCIAL ENTREPRENEURS (UnLtd)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2013**

9	Investments	Unrestricted funds £	Endowment funds £	Total £
	Market value at 31 March 2012	6,130,603	106,032,489	112,163,092
	Net unrealised/realised investment gains	187,406	11,612,579	11,799,985
	Investment income earned	3,294,945	-	3,294,945
	Investment income drawdown	(2,717,644)	-	(2,717,644)
	Investment charges	(125,400)	-	(125,400)
		<hr/>	<hr/>	<hr/>
	Market value at 31 March 2013	6,769,910	117,645,068	124,414,978
		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	Asset allocation:			
	GSAM - Sterling Credit Fund			19,690,457
	GSAM – Sterling Credit Fund (duration hedged)			18,289,807
	GSAM – High Yield			8,597,488
	GSAM – Sterling Broad Fund			3,711,394
	GSAM – Emerging Markets Debts			10,920,824
	GSAM – Absolute Return Tracker Fund			11,416,699
	Pictet – Timber Fund			3,447,223
	Dimensional – Global Core Fund			24,007,719
	THS – International Growth Fund			24,333,367
				<hr/>
	Market value at 31 March 2013			124,414,978
				<hr/> <hr/>

All investments are held by the Millennium Awards Trust.

10	Debtors	UnLtd <u>2013</u> £	Group <u>2013</u> £	UnLtd <u>2012</u> £	Group <u>2012</u> £
	Trade debtors	213,420	213,420	1,028,631	1,028,731
	Prepayments and accrued income	606,493	606,493	184,079	186,199
	Other debtors	44,921	44,921	41,917	41,947
	Amounts due from subsidiary undertakings	4,200,042	-	2,099,258	-
		<hr/>	<hr/>	<hr/>	<hr/>
		5,064,876	864,834	3,353,687	1,256,877
		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**THE FOUNDATION FOR SOCIAL ENTREPRENEURS (UnLtd)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**11 Creditors: amount falling due within one year**

	<u>UnLtd</u> <u>2013</u> £	<u>Group</u> <u>2013</u> £	<u>UnLtd</u> <u>2012</u> £	<u>Group</u> <u>2012</u> £
Trade creditors	150,949	165,599	221,252	239,452
Awards accruals	-	1,912,877	-	1,688,445
Accruals and deferred income	308,690	364,806	46,176	104,973
Other taxes and social security	87,603	87,709	77,564	77,564
Other creditors	12,695	12,695	8,547	8,547
Loan (see note 14)	-	89,150	-	87,956
	<u>559,937</u>	<u>2,632,836</u>	<u>353,539</u>	<u>2,206,937</u>

**12 Creditors: amounts falling due after more than one year**

	<u>Group</u> <u>2013</u> £	<u>Group</u> <u>2012</u> £
<b>Loan from Triodos Bank:</b>		
Amounts falling due:		
After one year and before two years	90,362	89,151
After two years and before five years	278,518	274,785
After more that five years	574,925	669,020
	<u>943,805</u>	<u>1,032,956</u>
Within one year (see note 13)	89,151	87,956
	<u>1,032,956</u>	<u>1,120,912</u>

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.

**13 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)**  
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**14 Net Assets Fund Analysis**

	Unrestricted £	Restricted £	Endowment £	Total £
Fixed assets	899,400	-	-	899,400
Investments	6,769,910	-	117,645,068	124,414,978
Net current assets/(liabilities)	(5,251,942)	4,954,945	-	(296,997)
Long term creditors	(943,805)	-	-	(943,805)
	<u>1,473,563</u>	<u>4,954,945</u>	<u>117,645,068</u>	<u>124,073,576</u>

**15 Staff numbers and costs**

	<u>2013</u> £	<u>2012</u> £
Salaries	2,747,774	2,522,794
Social security costs	293,889	270,770
Pensions	58,884	57,648
	<u>3,100,547</u>	<u>2,851,212</u>
 Average weekly number of employees during the period calculated on full time equivalent basis was:	 <u>79</u>	 <u>75</u>
 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	2
£110,001 to £120,000 per annum	1	1
	<u>1</u>	<u>1</u>

Trustees received no remuneration but total expenses of £2,350 on travel and training were reimbursed to 6 Trustees (2012 - £1,313 reimbursed to 3 Trustees) and £2,120 was payable for trustee indemnity insurance during the reporting period. Protector fees of £5,000 were payable.

**16 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 2014	20,604
Bradford	June 2015	12,600
		<u>33,204</u>

**THE FOUNDATION FOR SOCIAL ENTREPRENEURS (UnLtd)  
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<b>17</b>	<b>Other disclosures</b>	<u>2013</u> £	<u>2012</u> £
	Operating lease rentals – land and buildings	70,939	70,988
	Interest payable on bank loans	14,589	15,768
		<u>                    </u>	<u>                    </u>

**18 Financial instruments and associated risks**

UnLtd as the Trustee initially engaged Goldman Sachs Asset Management as their Investment Managers to manage the £100 million 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 2011/12. 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 £1.21 million 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 2012.

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