

Charity Number: SC045232

**THE SOCIAL BITE FUND**

**TRUSTEES' REPORT AND  
GROUP FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MAY 2019**

# THE SOCIAL BITE FUND

## TRUSTEES' REPORT AND GROUP FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MAY 2019

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# THE SOCIAL BITE FUND

## TRUSTEES' REPORT FOR THE PERIOD ENDED 31 MAY 2019

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The Trustees present their annual report together with the audited consolidated financial statements of The Social Bite Fund ("the charity" or "Social Bite"), and its group, for the 18-month period ended 31 May 2019. The report is prepared in accordance with the charity's constitution, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations Act 2006, FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102") and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)".

The Trustees changed the accounting reference date from 30 November to 31 May as this was considered to be a more appropriate reporting date for the activities of the group. The comparative information presented is for the preceding 12-month period and so is not directly comparable due to the different length of accounting period. The activities of the group have also changed significantly during the period which is explained during this Trustees' Report.

### Highlights of the period/ Executive Summary

Over the 18-month period to 31 May 2019, The Social Bite Fund and its subsidiaries achieved the following:

- Served homeless customers with dignity each and every weekday through its social enterprise chain of coffee shops – distributing 204,149 items of food and drink over this period. With each item given out creating connection with isolated, excluded people.
- Ran two major Sleep in the Park events engaging 18,000 people across Edinburgh, Glasgow, Dundee and Aberdeen.
- Inspired 5,000 children and young people to create their own Wee Sleep Outs in November 2018 and in doing so began work to engage a generation of Scottish children to consider a world without homelessness.
- Provided supported employment to 32 people affected by homelessness through the Social Bite Academy and engaged a further 35 in supported volunteering.
- Enabled 24 people to access a safe home at Social Bite Village from its opening in July 2018 to May 2019.
- Catalysed the Housing First Scotland programme – a major collaborative project to provide a permanent home with persistent support to people with high support needs who are trapped in repeat homelessness. Through this programme housed 86 people in this reporting period.
- Enabled 40 homeless people each week to dine with dignity at Vesta restaurant.
- Provided funding to support a global World's Big Sleep Out event to end homelessness.

### Establishment and purpose

The charity was established as a Scottish Charitable Incorporated Organisation (SCIO).

The charity is established for the charitable purposes only and, in particular, the objects (updated 16 April 2019) are:

1. To relieve poverty in the UK and overseas by giving grants to social business and microfinance institutions. We will only give grants to social businesses and microfinance institutions who focus on tackling global and local poverty.

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## TRUSTEES' REPORT FOR THE PERIOD ENDED 31 MAY 2019 (continued)

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2. To relieve poverty in the UK and overseas by giving interest free loans to social businesses and microfinance institutions. We will only give loans to social businesses and microfinance institutions who focus on tackling global and local poverty;
3. To relieve poverty, suffering and distress of people who are in a condition of need, hardship or distress by providing, or assisting in the provision of food and accommodations, with the object of improving the conditions of life generally but in particular those who have need of such facilities by virtue of their youth, age, infirmity, disability, handicap, poverty, homelessness, unemployment or social and economic circumstances and to undertake other such activities that would relieve their needs;
4. The advancement of education through the provision of practical training as a route to employment.
5. To give to anything the Trustees consider to be a charitable purpose.

The charity shall promote (but not promote exclusively) its activities and delivery operations to people within the 'Area of Benefit' who are the general public of Scotland and England.

### Objectives

Social Bite's vision is for a Scotland where everyone has a safe place to call home.

Our mission has two parts:

- 1 We use our **pioneering social enterprises** to enable people affected by homelessness to transform their own lives.
- 2 We lead a **movement to end homelessness** by generating funds, awareness and action across all sections of society.

### Activities, achievements and performance

#### *Building a Movement to End Homelessness in Scotland*

- The Social Bite Fund strategy has evolved over the past seven years from an original position of making grants to a wide variety of causes to one where we now have a clear focus on one, central objective – ending homelessness in Scotland.
- Our current strategy has been directly informed by research carried out in Autumn 2017 by Heriot-Watt University entitled 'Eradicating 'Core Homelessness' in Scotland's Four Largest Cities: Providing an Evidence Base and Guiding a Funding Framework'. The team at Heriot-Watt are the UK's leading experts on the issue of homelessness and their work has provided us with a clear steer for how we intend to focus our work going forward.
- In December 2018, we raised £3.6m by running the world's largest fundraising sleep out for the second year running – Sleep in the Park – which we held in Scotland's four largest cities: Edinburgh, Glasgow, Aberdeen and Dundee.
- Funds raised through Sleep in the Park have been central to Social Bite's commitment to invest up to £3m in total to Scotland's Housing First programme. During the period to May 2019, we invested £1.55m in the Housing First approach.

# THE SOCIAL BITE FUND

## TRUSTEES' REPORT FOR THE PERIOD ENDED 31 MAY 2019 (continued)

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- Social Bite also worked to secure Scottish Government co-investment of £4.5m in the programme to enable the Housing First programme to reach a scale that would cause a fundamental shift in the way local authorities respond to the most entrenched forms of homelessness.
- Housing First means people are given a permanent home alongside the intensive support they need to maintain their tenancy as well as build a normal life with routine, positive relationships and better health and wellbeing. The project is targeted at the most vulnerable people affected by chronic and repeat homelessness, who have particularly high support needs.
- 830 houses have been pledged by a variety of housing associations and local councils to the Housing First Scotland programme across six local authorities of Edinburgh, Glasgow, Dundee, Aberdeen, Aberdeenshire and Stirling.
- The project is being coordinated in partnership with the Corra Foundation and the Homeless Network Scotland. Expert training in this new model of supporting vulnerable people is being delivered by Turning Point Scotland to all project partners. An in depth evaluation of the programme is being carried out by Heriot-Watt University.
- Five consortia are delivering the Housing First programme. The consortia have employed teams of skilled support workers who provide flexible and persistent support to help people housed to maintain their tenancies as well as supporting people to put the fundamentals of a good life in place. The consortia are made up of the following members:
  - 1) Housing First Glasgow** led by Turning Point Scotland with a consortium comprised of Simon Community Scotland, The Salvation Army and Loretto Care.
  - 2) Housing First Edinburgh** led by the Cyrenians with a consortium comprised of Turning Point Scotland, Rock Trust, Streetwork, Bethany Christian Trust, Gowrie Care and Barony Care.
  - 3) Housing First Dundee** led by Transform Community Development with a consortium comprised of Salvation Army Dundee, Dundee Survival Group (DSG) and Addaction (£400,000)
  - 4) Housing First Aberdeen & Aberdeenshire** led by Aberdeen Cyrenians with a consortium comprised of Aberdeen Foyer, Turning Point Scotland, Aberdeen City Council Housing Support Department and Aberdeenshire Council (£400,000)
  - 5) Housing First Stirling** led by Loretto Care with Barony Care offering support (£100,000)

We are delighted to report that by the end of May 2019, 86 people had been housed by the Housing First programme across the above five areas. At this point in the programme, 99% of those housed had sustained their tenancies.

### World's Big Sleep Out

Building on the success of the 2017 and 2018 Sleep in the Park events, The Social Bite Fund made the decision in early 2019 to invest resources in taking this event concept to a wider, global audience. To this end, The Social Bite Fund invested in a new entity, the World's Big Sleep Out Trust, which has subsequently run a global campaign of sleep out events in December 2019. Over 60,000 people took part in the event across 60 locations worldwide.

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## TRUSTEES' REPORT FOR THE PERIOD ENDED 31 MAY 2019 (continued)

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The aim of the World's Big Sleep Out campaign is to raise significant funds and awareness for the cause of homelessness. The Social Bite Fund will benefit from 50% of income raised from the campaign's Edinburgh event as well as a share of the proceeds from the global campaign. The remaining funds will be given to homelessness and refugee causes worldwide.

### *Volunteers and their contribution to Social Bite*

Throughout the period, volunteers continued to make a significant contribution to the activities of Social Bite with 98 regular volunteers contributing to our work.

Many of our volunteers support our Social Suppers events on a weekly basis with each event having four to seven volunteers attending.

The number of regular volunteers has increased since March 2019, when we launched Social Scrان events, which are shorter volunteer-run events that take place each weekday (on days when Social Suppers are not taking place), where people can come to pick up a takeaway hot meal and drink.

At any one time, approximately one third of those who help out as volunteers have direct experience of homelessness and have benefited from coming to food and support events in the past.

During this 18-month period, we were also lucky to have very significant support from a wide range of people who gave their time and professional skills to the build of the Social Bite Village. The Village opened its doors to residents in July 2018 and volunteers have continued to help in the maintenance and development of the Village grounds and gardens.

In addition to volunteers supporting the running of our direct charitable work, we are fortunate to have the ongoing commitment of our Trustee group and the Board Members of our subsidiaries, who are essential for the effective governance and development of the Social Bite group.

Across the 18-month period, we estimate that volunteers gave 20,557 hours of their time and we are hugely grateful for the efforts of each person who has helped Social Bite.

### **Our social enterprises and how they generate social impact**

#### *Sandwich Shops with a Social Impact*

- Social Bite Ltd is wholly owned by The Social Bite Fund and consists of four public facing sandwich shops (2 in Edinburgh, 1 in Glasgow and 1 Aberdeen), three concession cafés and a sandwich delivery and catering business known as Social Bite Delivers. We use the infrastructure of this social enterprise to provide food, support and opportunities to people affected by homelessness and to raise donations for the charity.
- We distributed 204,149 items of free food and hot drink to people affected by homelessness during the 18 month period to 31 May 2019. The distribution of free food and drink items is tracked using our electronic point of sale (EPOS) system and reported back to Trustees on a monthly basis. It is the understanding of the Trustees that Social Bite is now the largest distributor of free fresh food in the UK to those in need.
- We distribute free food via our sandwich shops at set times throughout the day (8-11am and 3.30-4pm) as well as running twice-weekly Social Suppers events in each of Edinburgh, Glasgow and Aberdeen

# THE SOCIAL BITE FUND

## TRUSTEES' REPORT FOR THE PERIOD ENDED 31 MAY 2019 (continued)

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where we welcome homeless people into our shops to sit down and have a hot meal and access support from 4-5.30pm.

- We support an estimated 550 highly vulnerable people each week with free food and drink with many individuals visiting our shops for food twice a day, every weekday. In many cases, the food we provide is the main source of food that individuals have and very often their only source of hot food. Feedback from our homeless customers points directly to the impact of Social Bite food on preventing hunger.
- Homeless people have access to the same high quality, handmade food as any other customer. We produce additional food explicitly for our Social Suppers and Social Scrans events at our central kitchen, which is informed by feedback and requests from our homeless customers and is produced to the same quality standards as all our other food. The meals produced are generally hot, filling meals e.g. stovies, pasta dishes etc. which people affected by homelessness would struggle to access elsewhere due to their lack of access to cooking facilities.
- We operate a deliberate open-door policy, encouraging simple and non-judgemental access to free food, which encourages the widest possible access and ensures a dignified experience to those benefiting. Our approach enables us to connect with the most vulnerable people in Edinburgh, Glasgow and Aberdeen, who come to Social Bite from a wide range of circumstances incorporating the following main groups:
  - rough sleepers
  - homeless people living in temporary/emergency accommodation
  - vulnerable women housed in refuges
  - hidden homeless who are 'sofa surfing' moving from house to house with no secure tenancy
  - destitute migrants, refugees and asylum seekers
  - people who have recently been homeless, who are now in their own tenancy but still highly vulnerable and connected to the homeless community.
- Equally our work goes considerably beyond serving food. We also play an important role in helping to address highly vulnerable people's social isolation. In each of the cities we operate in we run our Social Suppers events benefiting an average of 150 people each week (three weekly events in each of Edinburgh and Glasgow and two in Aberdeen) where people affected by homelessness are welcomed to a 'normal', high street location, served food with dignity and have the opportunity to chat to our support staff and volunteers and connect to opportunities provided by partner charities.
- We know from our monitoring and evaluation that this provides a significant benefit to the people attending and in many cases is a lifeline for people, who do not have any other positive interaction or contact with others outside of Social Bite. We regularly provide crisis intervention at these events, working to prevent suicide and self-harm amongst attendees and to support people suffering from serious mental ill health to access help.
- With regards to advancing education, we provide our Social Bite Academy programme supporting highly vulnerable individuals to work or volunteer and gain skills in catering and hospitality including helping people to gain accreditation in areas such as food safety, health and safety and first aid.
- The training we provide is highly structured – Social Bite Academy Team Members complete a 12-week induction and training programme as well as modules on FLOW – an industry-leading online hospitality training portal.

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## TRUSTEES' REPORT FOR THE PERIOD ENDED 31 MAY 2019 (continued)

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- In the 18 months to May 2019, we directly employed 32 people with a background of homelessness and/or other complex needs in our social enterprise.
- In addition, we supported 35 people affected by homelessness to volunteer. This work has generated successful outcomes in terms of providing jobs within our own social enterprise, supporting people to find employment elsewhere, supporting people to access housing and to lead happier, healthier and more independent lives.
- In this way, we provide life-changing opportunities for individuals to learn, develop and gain accreditation. Structured training and work experience provides a platform for individuals to change their whole lives with parallel support provided to enable people to gain independent housing, improve their mental and physical health, address issues relating to historical abuse/neglect suffered in childhood, build positive relationships and address negative cycles of behaviour related to substance misuse and offending.
- The public benefit of the above approach is extremely significant given that we are supporting people to move on from destructive patterns of behaviour that have negative impacts and present an extremely high cost to wider society and move to a position of stability and contribution to society.
- Our Social Impact programme across Social Bite Ltd is led by six highly experienced support staff with skills in counselling, training and personal development. The impact of this team is greatly multiplied by 83 regular volunteers who are involved in our social enterprise activity across Edinburgh, Glasgow and Aberdeen.

### *Vesta' Restaurant – providing dignified meals to the homeless community*

- Social Bite Restaurants Ltd is wholly owned by The Social Bite Fund and operates one restaurant in Edinburgh.
- Social Bite Restaurants Ltd was established in May 2016, SC534592. The board has been made up of experts from within the restaurant industry including Martin Wishart, David Wither and Simon Littlejohn – all unremunerated.
- In July 2018, the company took on a new operator, David Hall, previously of The Innis & Gunn Beer Kitchens and Tigerlily, Edinburgh. The restaurant was rebranded from 'Home' to the new name of 'Vesta'.
- Vesta aims to raise funds for Social Bite through "Pay it Forward" donations whereby diners pay for people affected by homelessness to eat for free at the restaurant as well as access free hot meals through Social Bite's café network.
- On Monday afternoons, the restaurant serves a two-course meal to diners from the homeless community. Social Bite Training and Support staff are on hand at the meals to help link people to support services and opportunities.
- The Monday service is well attended by an average of 40 people each week and is much valued by the homeless community. We receive regular feedback that the meals help to restore their sense of self-worth and provides a great environment to engage with other homelessness services. Social Bite then reimburses the company for the cost of these meals.

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## TRUSTEES' REPORT FOR THE PERIOD ENDED 31 MAY 2019 (continued)

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- Supported employees who are part of the Social Bite Academy are also able to complete training placements at the restaurant and thereby increase their skills and experience by working in a professional kitchen.

### *Social Bite Village – a positive community where people can build a new life*

- Having engaged extensively with the homeless community since its inception, The Social Bite Fund embarked on a new project in 2016 to provide accommodation for homeless people linked to support and employment - areas of work where we are already actively engaged.
- In February 2017, Social Bite Communities Ltd, SC557500, was established to oversee the building of Social Bite Village. This is another wholly owned subsidiary of The Social Bite Fund.
- The aim of Social Bite Village is to give people the right environment, support and opportunities they need to build a happy and independent life.
- The Village presents an alternative model to emergency/temporary accommodation, which is used significantly in Edinburgh. Many people are currently housed in B&Bs for months at a time without the facilities of a normal home and with little or no support to help them break out of homelessness.
- In contrast, the Village provides a highly supported community for up to 20 people at a time. Over this time, people will contribute to the life of the community, learn a range of new skills and engage in work and voluntary placements.
- We are delighted to be working in partnership with the Cyrenians and Hillcrest Homes, to run Social Bite Village with a focus on providing high quality support and an excellent living environment to the members of our Village community.
- At the end of their stay, we support residents into permanent accommodation. As each person moves on, a new member will join to be supported and mentored by their fellow community members.
- Social Bite Village was transferred to The Social Bite Fund on 10 May 2018 and welcomed its first 6 residents in July 2018. In its first year of operating, the Village housed 24 different people.
- Some of the highlights of the first year include the establishment of a routine at the community including residents coming together for regular meals and gardening and taking part in activities to improve their health and wellbeing such as yoga, dog walking and craft evenings.
- Residents have been supported to access employment, education, training and volunteering opportunities. There has been a high level of engagement in these activities - 7 people have gained employment, 8 have engaged in volunteering out with the Village and 9 took part in education or training.
- Social Bite Communities Ltd remain in existence to discharge its remaining responsibilities before an application is made to strike it off the register of companies.

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## TRUSTEES' REPORT FOR THE PERIOD ENDED 31 MAY 2019 (continued)

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### Financial review

#### Income

We are fortunate to continue to have a healthy level of support both from individuals, groups and the corporate community within Scotland (and beyond) that has seen a substantial increase in levels of donation income received by the charity to an amazing £8.43m (see Note 3 to the accounts for further detail). Even taking account of this being an extended 18-month reporting period, we have almost trebled our general donations income from the prior year to £1.90m. It should be noted that this included a very generous one-off donation of £500k.

We have seen two Sleep in the Park events run in December 2017 and 2018 (these being the successor events to the previously ran CEO Sleep Out in late 2016), with the latter expanded across 4 cities within Scotland, allowing us help create a movement to end homelessness, to share messages and lived experiences from those who have been homeless, as well as generating total donations of over £5.37m. We have always recognised the impact of these events is wider than just donations received from participation, where we have been able to create influence and a will for change that has supported us in the creation of the Housing First project that is now delivering a significant number of homes and support for those who desperately need it and ultimately has the capability over the longer term to end homelessness in Scotland.

Itison support us in providing their services to promote our £5 Christmas voucher campaign to buy a homeless person a Christmas dinner and/or a Christmas present, as well as supporting our continuing charitable activities throughout the year. We have seen a year on year increase in donations from this that allow us to provide some cheer to our homeless customers at Christmas, as well as providing our ongoing programme of daily free food and employment opportunities within the Group. In both years in excess of £500k was generated (total raised £1.16m).

#### Expenditure

The charity continues to provide funding to subsidiary companies within the charitable group, all of whom are 100% owned by The Social Bite Fund.

The grants supplied to Social Bite Ltd of £1.18m enable free food to be supplied to homeless customers in Edinburgh, Glasgow and Aberdeen, Monday through Friday, morning and afternoon, with in excess of 140,000 items being provided annually. This service is provided via the retail outlets in each city, with each and every customer being treated with the same levels of dignity and respect, regardless of whether they are paying customers or not.

Social Bite Ltd also provides employment opportunities and support to members of staff who have experienced homeless (though the Social Bite Academy). A team of experienced support workers are employed to support these employees as well as our homeless customers.

The balance sheet of Social Bite Ltd does show an insolvent position. Inter-company balances have created this, with there being a longer-term aim to gradually reduce these as actions to improve trading (and donations raised) are implemented.

Social Bite Ltd is key to the charity being able to deliver it's charitable activities and provide a shop front to the general public, who can learn more about the charity, can donate to the work the charity does and enjoy food made by Academy staff members. The Trustees are of the view that the funds provided to its subsidiary more than justify the benefits to the charity and the social impact and returns provided.

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## TRUSTEES' REPORT FOR THE PERIOD ENDED 31 MAY 2019 (continued)

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Grants to Social Bite Restaurants Ltd of £190k have enabled the restaurant to continue providing a weekly sit-down service for homeless customers and helped to better establish the regular Pay it Forward donations from customers of the restaurant, both of which were key reasons for establishing the subsidiary. There are also job placement opportunities and the charity is keen to extend this. The Trustees recognise that the trading performance of the subsidiary, since it first opened, has not been as expected, and as such a change in approach and operator was made in July 2018. Whilst this did not immediately improve trading performance (but did increase donations to the charity), the Trustees are now pleased to see a significant upward trend in trading figures that should ensure a reduction in charitable support.

The Trustees are very mindful of their duties to use the charity's funds in the most impactful way and in line with their charitable objectives. They are also aware that the insolvent balance sheet of this subsidiary is far from ideal and continue to maintain a close watch on the trading and financial position of Social Bite Restaurants Ltd.

Grants supplied to Social Bite Communities Ltd of £26k enabled non-capital expenditure to be paid for that all directly relates to the management and construction of the Social Bite Village (as previously noted, this was transferred to the Social Bite Fund in May 2018).

The Social Bite Fund is providing financial support to Housing First. Over the period there was expenditure of £1.55m, the majority of which was paid to the Corra Foundation who helping to coordinate the project and making payments to consortia members.

As previously mentioned, the Trustees supported the World's Big Sleep Out Trust, with funding provided during the period of £302k.

The Social Bite Fund has also provided cash donations to other charitable organisations, or social enterprises, totalling £211k. In making some of these donations, the charity engaged with homeless customers to identify other organisations that have provided them with support and may benefit from a donation. The Social Bite Fund recognises that there are many small organisations across Scotland and beyond who fall under the radar, who make a difference in local communities to people living in poverty or without a home. In some case they do this on a limited budget, so providing a small cash boost can make a real difference to their on-going work.

The increase in our supporter base, donations and our ability to influence policy at a local and national level has been achieved in part through the high profile events Social Bite has run, starting with the CEO Sleep Out and progressing to two Sleep in the Park events (with the costs associated with these two events being included in the current period). The Trustees are keen to recognise, in allocating the costs associated with these events reflect their dual purpose of:

- Campaigning – to reflect our on-going commitment to promote the plight of the homeless within Scotland and to stage events that provide a voice for those have been homeless or have experienced homelessness.
- Fundraising – the events have raised significant funds for the charity that have enabled us to commit to large scale funding projects such as building the Social Bite Village and Housing First.

We have attempted to engage with stakeholders who can make a difference and believe events such as Sleep in the Park, where MSPs took part, have generated influence at a political level and leveraged the Scottish Government's pledge of £6.5m towards the Housing First pilot, with an intention thereafter to mainstream this within each local Scottish authority. We also believe that innovative campaigns, such as the Wee Sleep Out, provide us with a valuable opportunity to educate the younger members of our population within Scotland about the effects of homelessness and what we can all do to help prevent it – this can help imbed long term change in our thinking and approaches with those who will be future leaders. Providing food on a daily basis

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## TRUSTEES' REPORT FOR THE PERIOD ENDED 31 MAY 2019 (continued)

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helps people survive, but ultimately, we wish to create a Scotland that is without homelessness – we cannot do this alone.

With the significant rise in income and both the size and scope of the charity, this has meant an increase in our support costs, with £1.02m of costs over the 18-month period, compared to £196k in the previous 12 months.

During the period, we have created an established head office function and a support structure for the opening of the Social Bite Village. In the previous financial period, some of the administrative functions and costs were provided by Social Bite Ltd, which was not sustainable as the charity experienced significant growth. The number of employees has increased from an average of 3 in the prior year to 13 employees. We are very mindful of the amount we spend on support costs, but also wish to ensure we are a charity that delivers on its promises and is able to deliver a service to our donors, supporters and delivers on its regulatory duties.

We again remain appreciative of the pro-bono support we receive from partners that helps us reduce cost. One example of this, that will benefit the charity over the longer term, is our move to new premises in August 2019 that were provided on substantially reduced terms.

### Trading activities

As previously mentioned, we opened up the Social Bite Village in July 2018. This has generated income of £188k, mainly in the form of Housing Benefit received by the occupants of the Village. The costs incurred in establishing the Village and maintaining onsite support 24/7 to support the residents was £519k (this includes depreciation of the Village itself). As the number of occupants within the Village has increased since opening, the gap between income and costs has narrowed, but there remains an ongoing deficit in direct funding that is supported by unrestricted reserves.

### **Reserves policy**

The Trustees approved a reserves policy such that The Social Bite Fund would have an aim of maintaining unrestricted reserves at a level of at least £500,000, but allows for the flexibility (subject to approval of the Trustees) for this to be utilised to some extent if there a clear charitable purpose for doing so and a plan to build it back up to the approved level.

The Finance, Audit and Risk Committee will regularly review the level of reserves required to ensure they are in line with the charity's needs.

In deciding on the level of reserves, the Trustees have reflected on previous experience, where reserves were significantly less than this level and the challenges and risks that arose from this. The figure of £500,000 is one that the Trustees currently feel is prudent.

### **Risk management**

The Finance, Audit and Risk Committee reviews organisational risk and maintains a risk register with a view to proactively managing risks across the charity and its subsidiaries. The register includes a section of how each risk identified is being mitigated.

The principal risks and uncertainties identified by the Trustees and monitored during the period are:

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## TRUSTEES' REPORT FOR THE PERIOD ENDED 31 MAY 2019 (continued)

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- The risk posed by rising inequality, increased levels of poverty and homelessness associated with these factors. These factors make it harder for us to make progress towards our primary goal of ending homelessness in Scotland.
- Risks connected to the Housing First Programme, Social Bite's biggest social programme. For example, the risk of the programme not housing the targeted number of people or of tenancy sustainment rates being poor.
- The risk of the charity not raising projected income from major fundraising events.

These risks as stated remain the same as they were in the previous reporting period.

### Future plans

Over the next year, the charity and its subsidiaries will focus on the following:

- Continuing to expand our Housing First programme towards its targeted level of 830 people being housed with the support of a network of partners including the Scottish Government, local authorities and a wide range of voluntary sector organisations. In addition it is our aim to help catalyse systems change in Scotland towards housing people in need as quickly as possible and with appropriate care and support.
- Using our profile to keep public attention on the issue of homelessness and helping people from all walks of life directly engage in a movement to end homelessness in Scotland through fundraising and volunteering. In particular, we aim to raise significant funds and awareness through our 2019 World's Big Sleep Out event, which we are running in partnership with separate entity the World's Big Sleep Out Trust. We are also expanding our awareness and fundraising campaign the 'Wee Sleep Out' with the aim of engaging 10,000 children and young people this winter.
- Creating direct social impact via Social Bite Ltd and Vesta restaurant through our free food and Social Suppers programmes and by employing people affected by homelessness through the Social Bite Academy. We will expand the supported employment we offer at the same time as expanding the scale of our social enterprise activity.
- Continuing to develop and grow the impact of the Social Bite Village as a supportive community for 20-24 people each year, who are affected by homelessness.

### Structure, governance and management

The charity's governing document is a SCIO constitution.

The power of appointing new or additional Trustees is vested with the Trustees. All Trustees are advised of their responsibilities as part of a standard induction process and given the opportunity to visit and learn about the different initiatives of the charity.

The Trustees who have served in this financial period and up to the date of which the financial statements were approved are:

Alan Mahon	(resigned 13 March 2018)
Daniel Muir	(resigned 10 September 2018)
James Jopling	(resigned 15 January 2019)
Josh Littlejohn	

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## TRUSTEES' REPORT FOR THE PERIOD ENDED 31 MAY 2019 (continued)

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Mary Harper	(resigned 2 February 2018)
Marjory Rodger	
Morag McNeill	(appointed 14 May 2018)
Rosalind (Roz) Cuschieri (Chair)	(appointed 10 July 2018)
William Gorol	(resigned 11 March 2019)
Ellie Murphy	(appointed 13 March 2019)
Kent Mackenzie	(appointed 17 March 2019)

William Gorol was Chair of the Board before stepping down from this role on 9 July 2018, with Roz Cuschieri taking his place from that date.

Alan Mahon resigned as a Trustee on 12 March 2018 due to him being a paid consultant working on the Sleep in the Park project.

The Social Bite Fund Board meet every other month. The Trustees have equal voting rights and the Chair has the casting vote.

Two Trustees receive, or received, remuneration from the charity during the period, as set out in Note 3(iii) to the financial statements. Josh Littlejohn is CEO of The Social Bite Fund and Alan Mahon (having now stepped down as a Trustee) leads the development of our Sleep in the Park event series.

The Social Bite Fund Board has the following standing committees:

'Nominations and Remunerations' – met regularly during the year and is in place to carry out salary reviews on an annual basis and confirm any new Board nominations.

'Finance, Audit and Risk' – will usually meet prior to each full Board meeting to discuss the stated areas in greater detail and take any relevant points to the Board.

The Social Bite Fund has a small, central staff team of thirteen permanent staff, leading the day to day operations of the charity and coordinates activity across the subsidiaries.

### Group structure governance

The Social Bite Fund, has three wholly owned subsidiaries – Social Bite Ltd, Social Bite Restaurants Ltd and Social Bite Communities Ltd.

The Social Bite Ltd and Social Bite Restaurants Ltd Boards meet every other month. Following the transfer of the Social Bite Village assets to the parent charity, all but one of the Social Bite Communities Ltd board members resigned and so there has been less requirement for regular meetings – the intention is for this company to be wound up now that its purpose has been served. The subsidiary Boards have a level of decision-making authority and are required to report back to the parent charity every other month.

#### *Social Bite Ltd Board Members:*

Alice Thompson	
David Wither	(resigned 26 November 2018)
Graeme Menzies	(appointed 12 March 2018)
Kathryn Jean Crook (Chair)	
Josh Littlejohn	
Rosalind Cuschieri	(resigned 9 July 2018)

# THE SOCIAL BITE FUND

## TRUSTEES' REPORT FOR THE PERIOD ENDED 31 MAY 2019 (continued)

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William Gorol	(resigned 12 March 2018)
Suzanne Casey	(appointed 17 May 2019, resigned 4 July 2019)

Marjory Rodger (Secretary)

### *Social Bite Restaurants Ltd Board Members:*

Eddine Gassabi	
Josh Littlejohn	
Simon Littlejohn	
Marjory Rodger	
Mark Ross (Chair)	(appointed 15 April 2019)
Keith Wilson	(appointed 17 June 2019)
Martin Wishart	(resigned 10 February 2020)
David Wither	(resigned 10 December 2019)

Marjory Rodger (Secretary)

### *Social Bite Communities Ltd Board Members:*

Ewan Aitken	(resigned 10 May 2018)
Arlene Cairns	(resigned 10 May 2018)
Josh Littlejohn	
Daniel Muir	(resigned 10 September 2018)
Alister Steele	(resigned 10 May 2018)

Marjory Rodger (Secretary)

Linda Holden also attended board meetings on a regular basis up until 10 May 2018 to support the decision-making process.

### **Principal Address**

The principal address of the charity is:

1 Leith Walk  
Edinburgh  
EH6 8LN

### **Legal and administrative arrangements:**

#### Legal:

Lindsays, 19A Canning Street, Edinburgh, EH3 8HE – for charity administration matters  
CMS, Saltire Court, 20 Castle Street, Edinburgh, EH1 2EN – for property and commercial matters  
Clyde & Co, 144 West George Street, Glasgow, G2 2HG – for HR and employment related matters  
Thorntons, Citypoint, 65 Haymarket Terrace, Edinburgh, EH12 5HD – data protection/GDPR matters  
Anderson Strathern, 1 Rutland Court, Edinburgh, EH3 8EY – Village and other commercial matters

The charity wishes to acknowledge the generous pro-bono support provided by CMS, Clyde & Co, Thorntons and Anderson Strathern – all greatly appreciated and helps us to access the best possible advice at no or reduced cost.

# THE SOCIAL BITE FUND

## TRUSTEES' REPORT FOR THE PERIOD ENDED 31 MAY 2019 (continued)

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Bankers:

The Royal Bank of Scotland Plc, 142-144 Princes Street, Edinburgh EH2 4EQ

Auditors:

Johnston Carmichael LLP, 227 West George Street, Glasgow G2 2ND

On behalf of the Board of Trustees



**Roz Cuschieri**  
Trustee

24/2/2020

# THE SOCIAL BITE FUND

## STATEMENT OF TRUSTEES' RESPONSIBILITIES

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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).

The law applicable to charities in Scotland requires the Trustees to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the charity and of the group and of the incoming resources and application of resources of the group and charity for the period. 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 (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in operation.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and the group and enable them to ensure that the financial statements comply with the Charities Accounts (Scotland) Regulations 2006, the Charities and Trustee Investment (Scotland) Act 2005 and the provisions of the charity's constitution. They are also responsible for safeguarding the assets of the charity and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

# THE SOCIAL BITE FUND

## INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE SOCIAL BITE FUND

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### Opinion

We have audited the financial statements of The Social Bite Fund (the 'parent charity') and its subsidiaries (the 'group') for the period ended 31 May 2019 which comprise the Consolidated and Charity Statements of Financial Activities, the Consolidated and Charity Balance Sheets, the Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent charity's affairs as at 31 May 2019, and of the group's and the parent charity's incoming resources and application of resources 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 Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006.

### Basis for opinion

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

### Conclusions relating to going concern

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

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

# **THE SOCIAL BITE FUND**

## **INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE SOCIAL BITE FUND (continued)**

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### **Other information**

The trustees are responsible for the other information. The other information comprises the information included in the trustees' annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters in relation to which the Charities Accounts (Scotland) Regulations 2006 require us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the trustees' report; or
- proper accounting records have not been kept; or
- the parent charity's financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

### **Responsibilities of trustees**

As explained more fully in the trustees' responsibilities statement set out on page 14, the trustees are responsible for the preparation of financial statements which give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

# THE SOCIAL BITE FUND

## INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE SOCIAL BITE FUND (continued)

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### Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with regulations made under that Act.

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's or charity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group or parent charity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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


# THE SOCIAL BITE FUND

## INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE SOCIAL BITE FUND (continued)

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### Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with Regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charity's trustees 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 trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Johnston Carmichael LLP

Chartered Accountants  
Statutory Auditor



227 West George Street  
Glasgow G2 2ND

Johnston Carmichael LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

# THE SOCIAL BITE FUND

## CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES FOR THE PERIOD ENDED 31 MAY 2019

	Note	Unrestricted funds £	Restricted funds £	18-month period ended 31 May 2019 £	Year ended 30 November 2017 £
<b>Income from:</b>					
Donations and legacies	3	8,199,658	230,000	<b>8,429,658</b>	2,623,361
Charitable activities	4	187,992	-	<b>187,992</b>	-
Other trading activities	5	3,459,448	-	<b>3,459,448</b>	2,733,963
Investments		1,228	-	<b>1,228</b>	-
<b>Total income</b>		<b>11,848,326</b>	<b>230,000</b>	<b>12,078,326</b>	5,357,324
<b>Expenditure on:</b>					
Charitable activities	6(i)	6,108,833	567,157	<b>6,675,990</b>	1,107,578
Raising funds	6(ii)	5,593,192	-	<b>5,593,192</b>	3,013,062
<b>Total expenditure</b>		<b>11,702,025</b>	<b>567,157</b>	<b>12,269,182</b>	4,120,640
<b>Net income/(expenditure) being net movement in funds</b>		<b>146,301</b>	<b>(337,157)</b>	<b>(190,856)</b>	1,236,684
<b>Reconciliation of funds:</b>					
Total funds brought forward		1,111,364	551,888	<b>1,663,252</b>	426,567
<b>Total funds carried forward</b>	14	<b>1,257,665</b>	<b>214,731</b>	<b>1,472,396</b>	1,663,252

The statement of financial activities includes all gains and losses in both the current and prior periods.

All incoming resources and resources expended derive from continuing activities.

## THE SOCIAL BITE FUND

### STATEMENT OF FINANCIAL ACTIVITIES – CHARITY ONLY FOR THE YEAR ENDED 31 MAY 2019

	Note	Unrestricted funds £	Restricted funds £	18-month period ended 31 May 2019 £	Year ended 30 November 2017 £
<b>Income from:</b>					
Donations and legacies	3	8,199,658	230,000	<b>8,429,658</b>	2,623,361
Charitable activities	4	187,992	-	<b>187,992</b>	-
Investments		1,228	-	<b>1,228</b>	-
<b>Total income</b>		<b>8,388,878</b>	<b>230,000</b>	<b>8,618,878</b>	<b>2,623,361</b>
<b>Expenditure on:</b>					
Charitable activities	6(i)	6,108,833	567,157	<b>6,675,990</b>	1,168,428
Raising funds	6(ii)	1,864,391	-	<b>1,864,391</b>	115,376
<b>Total expenditure</b>		<b>7,973,224</b>	<b>567,157</b>	<b>8,540,381</b>	<b>1,283,804</b>
<b>Net income / (expenditure) being net movement in funds</b>		<b>415,654</b>	<b>(337,157)</b>	<b>78,497</b>	<b>1,339,557</b>
<b>Reconciliation of funds:</b>					
Total funds brought forward		1,142,749	551,888	1,694,637	355,080
<b>Total funds carried forward</b>	14	<b>1,558,403</b>	<b>214,731</b>	<b>1,773,134</b>	<b>1,694,637</b>

The statement of financial activities includes all gains and losses in both the current and prior periods.

All incoming resources and resources expended derive from continuing activities.

# THE SOCIAL BITE FUND

## BALANCE SHEETS AS AT 31 MAY 2019

	Note	Group Total funds		Charity Total funds	
		31 May 2019	30 November 2017	31 May 2019	30 November 2017
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	8	<b>891,536</b>	625,202	<b>595,013</b>	-
Investments	9	-	-	-	-
		<u>-</u>	<u>625,202</u>	<u><b>595,013</b></u>	<u>-</u>
<b>Current assets</b>					
Stock	10	<b>25,743</b>	28,571	-	-
Debtors	11	<b>553,431</b>	1,018,177	609,058	1,146,109
Cash at bank and in hand		<b>903,228</b>	1,146,056	786,890	903,445
		<u><b>1,482,402</b></u>	<u>2,192,804</u>	<u><b>1,395,948</b></u>	<u>2,049,554</u>
<b>Creditors: amounts falling due within one year</b>	12	<b>(857,892)</b>	(664,158)	<b>(217,827)</b>	(304,917)
		<u><b>624,510</b></u>	<u>1,528,646</u>	<u><b>1,178,121</b></u>	<u>1,744,637</u>
<b>Net current assets</b>					
		<u><b>624,510</b></u>	<u>1,528,646</u>	<u><b>1,178,121</b></u>	<u>1,744,637</u>
<b>Total assets less current liabilities</b>		<b>1,516,046</b>	2,153,848	<b>1,773,134</b>	1,744,637
<b>Creditors: amounts falling due after one year</b>	13	<b>(43,650)</b>	(490,596)	-	(50,000)
		<u><b>1,472,396</b></u>	<u>1,663,252</u>	<u><b>1,773,134</b></u>	<u>1,694,637</u>
<b>Net assets</b>					
		<u><b>1,472,396</b></u>	<u>1,663,252</u>	<u><b>1,773,134</b></u>	<u>1,694,637</u>
<b>Funds</b>					
Unrestricted funds	14	<b>1,257,665</b>	1,111,364	<b>1,558,403</b>	1,142,749
Restricted funds	14	<b>214,731</b>	551,888	<b>214,731</b>	551,888
		<u><b>1,472,396</b></u>	<u>1,663,252</u>	<u><b>1,773,134</b></u>	<u>1,694,637</u>

The financial statements were approved by the Board of Trustees on 24 February 2020 and were signed on its behalf by:



**Roz Cuschieri**  
Trustee

# THE SOCIAL BITE FUND

## CONSOLIDATED STATEMENT OF CASH FLOWS AS AT 31 MAY 2019

	Note	18-month period ended 31 May 2019 £	Year ended 30 November 2017 £
<b>Cash flows from operating activities</b>			
Net cash provided by operating activities	14	<u>540,509</u>	<u>952,278</u>
<b>Cash flows from investing activities</b>			
Purchase of tangible fixed assets		(602,797)	(265,681)
Interest received		<u>1,228</u>	<u>-</u>
<b>Net cash used in investing activities</b>		<b>(601,569)</b>	<b>(265,681)</b>
Cash flows from financing activities		<b>(181,768)</b>	200,310
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>(242,828)</b>	886,727
Cash and cash equivalents at beginning of period		<u>1,146,056</u>	<u>259,329</u>
<b>Cash and cash equivalents at end of period</b>		<u><b>903,228</b></u>	<u>1,146,056</u>
<b>Relating to:</b>			
Cash at bank and in hand		<u><b>903,228</b></u>	<u>1,146,056</u>

# THE SOCIAL BITE FUND

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MAY 2019

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### **1 Accounting policies**

#### **(a) Charity information**

The Social Bite Fund ("the Fund") is a Scottish Charitable Incorporated Organisation ("SCIO"). The principal office is given in the charity information on page 1 of these financial statements. The nature of the charity's operators and principal activities are set out within the Trustees' Report.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the charity's financial statements.

#### **(b) Basis of preparation**

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102"), Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102). The financial statements have also been prepared in accordance with the Charities Accounts (Scotland) Regulations Act 2006 (as amended) and the Charities and Trustee Investment (Scotland) Act 2005.

The charity is a public benefit entity as defined by FRS 102.

The accounts have been prepared under the historical cost convention. The principal accounting policies adopted are set out below. These policies have been consistently applied to all periods presented.

The charity has changed its accounting reference date to 31 May and so these financial statements are for the 18-month period ended 31 May 2019, with comparatives being for the 12-month period ended 30 November 2017.

The charity has taken advantage of the relevant exemptions available to qualifying entities within the Reduced Disclosure Framework of FRS 102 from the requirement to disclose certain information in relation to the individual parent charity, including statement of cash flows and financial instruments. The consolidated group financial statements present this information for the group only.

#### **(c) Going concern**

The Directors of the Fund's trading subsidiaries have reviewed current trading performance and discussed future forecasts and plans to enable them to satisfy themselves of the ability of each subsidiary to meet their liabilities as they fall due. In the case of Social Bite Ltd, there is always a reliance on the monthly contribution provided by the charity that enables the subsidiary's charitable activities to be carried out.

The Trustees have also reviewed up to date cash flow forecasts for the next twelve months (and beyond) and are of the view that the charity and group will be able to meet liabilities as they fall due. As with any cash flow forecast, there are assumptions made regarding the availability and timing of incoming funds, especially donations that mean, inherently, there can be no certainty in relation to these.

These financial statements are therefore prepared on a going concern basis.

# THE SOCIAL BITE FUND

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MAY 2019 (continued)

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### 1 Accounting policies (continued)

#### (d) Basis of consolidation

The consolidated Statement of Financial Activities and Balance Sheet include the financial statements of the Fund and its subsidiary undertakings, Social Bite Limited, Social Bite Restaurants Limited and Social Bite Communities Limited made up to the balance sheet date. Where this occurs, the results of subsidiaries sold or acquired in the period are included in the Statement of Financial Activities up to, or from, the date control passes. Intragroup sales and profits are eliminated fully on consolidation.

While the activities of Social Bite Communities were discontinued in the period, the individual results of this company are not material to the group and so a separate analysis of continued and discontinued operations has not been prepared. Note 11 to the financial statements gives details of the transactions of Social Bite Communities Limited in the period.

#### (e) Charitable Funds

The funds are available for use only according to the objectives of the Fund. Unrestricted funds are expendable at the discretion of the Trustees in furtherance of the objects of the Fund unless they have been designated for other purposes.

Designated funds are funds which have been earmarked at the discretion of the Trustees for a particular project. Where these arise, the purposes and uses of designated funds in respect of these projects are set out in the notes to the accounts.

Restricted funds are subject to restriction on their expenditure imposed by the donor. The purposes and uses of restricted funds in respect of these projects are set out in the notes to the accounts.

The costs of raising and administering such funds are charged against the specific fund.

#### (f) Income

All income is recognised in the statement of financial activities when the conditions for receipt have been met and it is probable that the income will be received. The following specific policies are applied to particular categories of income:

- Donations subject to the specific wish of the donors are allocated to the relevant restricted funds. Donations receivable for general purposes of the charity are allocated to unrestricted funds.
- Income from donations and grant income is recognised when the charity has entitlement and the amount can be reliably measured. This is generally the earlier of the charity being notified of the impending distribution or the amount being received. On occasion, donations will be notified to the charity however it is not possible to measure the amount expected to be distributed. On these occasions, the income is recognised when the amount becomes reliably measurable. Where performance conditions are attached to grants receivable, recognition occurs once receipt becomes unconditional.
- Income from other trading activities through shop and restaurant sales and events' income are recognised as the related goods and services are provided.
- Incoming resources from charitable activities represents occupancy income generated from the operation of the Social Bite Village which provides housing for homeless people.

# THE SOCIAL BITE FUND

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MAY 2019 (continued)

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### 1 Accounting policies (continued)

- Donated goods, services and facilities are included at the value to the charity where this can be readily quantified. In accordance with the Charity SORP, the contribution of general volunteers has not been included as income in these accounts due to the lack of a reliable measurement basis.

#### (g) Expenditure

Expenditure is recognised on an accruals basis as the liabilities are incurred. Expenditure includes any VAT which cannot be recovered and is reported as part of the expenditure to which it relates.

- Expenditure on raising funds includes expenditure in relation to events and fundraising activities and fees for processing donations.
- Expenditure on charitable activities comprises the costs associated with the Fund's principal activities, including grants and other support to its subsidiary companies in their social enterprise activities as well as other charitable donations made by the Fund. Grants payable are payments to third parties in the furtherance of the charitable objects of the charity. Grants are accounted for when the recipient has a reasonable expectation that they will receive a grant and the trustees have agreed to pay the grant.
- Other expenditure comprises those costs incurred by other group companies in respect of their activities.

All costs are allocated between the expenditure categories of the Statement of Financial Activities on a basis designed to reflect the use of the resource. Costs relating to a particular activity are allocated directly while others are apportioned on an appropriate basis. All support costs are met by the unrestricted funds of the Fund.

#### (h) Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset on a straight-line basis over its expected useful life, as follows:

Property improvements	10 years (or term of any associated lease if less)
Buildings	25 years
Office equipment, furniture and fixtures	3 - 5 years

The gain or loss arising on the disposal of an asset is determined as the difference between the sole proceeds and the carrying value of the asset and is recognised in net income/(expenditure) for the year.

At each reporting date the charity reviews the carrying amounts of the tangible fixed assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists. The recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

# THE SOCIAL BITE FUND

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MAY 2019 (continued)

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### 1 Accounting policies (continued)

#### (i) Fixed asset investments

Investments in subsidiary undertakings are included at cost.

A subsidiary is an entity controlled by the charity. Control is defined as the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

#### (j) Cash and cash equivalents

Cash and cash equivalents include cash in hand.

#### (k) Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's financial statements when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

#### ***Basic financial assets***

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

#### ***Impairment of financial assets***

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in income and expenditure.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed in income and expenditure.

#### ***De-recognition of financial assets***

Financial assets are de-recognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

# THE SOCIAL BITE FUND

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MAY 2019 (continued)

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### 1 Accounting policies (continued)

#### ***Classification of financial liabilities***

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the charity after deducting all of its liabilities.

#### ***Basic financial liabilities***

Basic financial liabilities, including trade and other creditors and amounts due to subsidiary undertakings are initially recognised at transaction price and are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

#### ***De-recognition of financial liabilities***

Financial liabilities are derecognised when, and only when, the group's obligations are discharged, cancelled, or they expire.

#### **(l) Employee benefits**

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### **(m) Taxation**

The charity is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charity for UK corporation tax purposes. It is therefore potentially exempt from taxation in respect of income or capital gains to the extent that such income or gains are applied for charitable purposes.

The charity's subsidiary companies have no such exemption for taxation. Current tax represents the amount of tax payable or receivable in respect of the taxable profit (or loss) for the current or past reporting periods. It is measured at the amount expected to be paid or recovered using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax represents the future tax consequences of transactions and events recognised in the financial statements of current and previous periods. It is recognised in respect of all timing differences, with certain exceptions. Timing differences are differences between taxable profits and total comprehensive income as stated in the financial statements that arise from the inclusion of income and expense in tax assessments in periods different from those in which they are recognised in the financial statements. Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

# THE SOCIAL BITE FUND

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MAY 2019 (continued)

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### 1 Accounting policies (continued)

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of timing differences. Deferred tax on revalued non-depreciable tangible fixed assets and investment properties is measured using the rates and allowances that apply to the sale of the asset.

#### (n) Leasing

Rentals payable under operating leases are charged against income on a straight-line basis over the lease term.

#### (o) Retirement benefits

The charity contributes to the employees' defined contribution personal pension plans. Contributions payable are charged to unrestricted funds in the year they are payable.

### 2 Accounting judgements and key sources of uncertainty

In the application of the group's and the parent charity's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

The following judgements and estimation uncertainties have a significant effect on amounts recognised in the financial statements:

- Depreciation is calculated to fully write off the cost of assets over their estimated useful life. Management estimate the useful life of each asset. Details of the depreciation charged in the period are in note 5.
- As disclosed under the Finance Review of the Trustees' Report, the Trustees have reviewed all expenditure associated with delivering the Sleep in the Park events in 2017 and 2018. In doing so they have considered whether the expenditure related to a cost solely of running an event, or if it also had a charitable purpose, this being towards campaigning (the Finance Review provides further detail of why this would be the case). In the case of the event management costs charged, the Trustees are of the view that splitting these costs 50% towards campaigning within charitable expenditure and 50% towards the Cost of Raising Funds is a fair and reasonable split. The total aggregate cost of each cost is disclosed in notes 6(i) and 6(ii).

# THE SOCIAL BITE FUND

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MAY 2019 (continued)

### 3 Donations and legacies – Group and Charity

	18-month period ended 31 May 2019 £	Year ended 30 November 2017 £
CEO Sleep Out	-	588,400
Sleep in the Park 2017	2,340,965	920,995
Sleep in the Park 2018	3,029,451	-
itison Christmas Campaign	1,163,888	447,596
Donations – general	1,895,354	666,370
	<b>8,429,658</b>	<b>2,623,361</b>
<b>Analysed by fund:</b>		
Unrestricted fund	8,199,658	2,102,668
Restricted fund	230,000	520,693
	<b>8,429,658</b>	<b>2,623,361</b>

Sleep in the Park donations included above, represent the donations received on or around the events and does not take account of the additional benefits and donations the event has brought to the charity that is represented in the other donation lines. For example, our annual itison Christmas campaign has historically launched just after the Sleep in the Park events, where awareness of the charity and its activities is high and encourages our very generous supporters to continue donating. The corporate relationships formed during Sleep in the Park has continued to benefit the charity beyond just the one-off event.

The itison donations, covers both December 2017 and 2018 campaigns (due to the 18-month accounting period).

Further detail on the income above is included within the Trustees' Report.

### 4 Income from charitable activities – group and charity

	18-month period ended 31 May 2019 £	Year ended 30 November 2017 £
Village occupancy income	187,992	-
	<b>187,992</b>	<b>-</b>

Village occupancy income, which is all unrestricted, represents income generated from the Social Bite Village over the period from its opening in July 2018 to 31 May 2019.

# THE SOCIAL BITE FUND

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MAY 2019 (continued)

### 5 Income from trading activities – group only

	18-month period ended 31 May 2019 £	Year ended 30 November 2017 £
Shop and restaurant sales	<b>3,459,448</b>	2,733,963
	<b>3,459,448</b>	<b>2,733,963</b>

### 6 Resources expended

#### (i) Expenditure on activities in furtherance of charitable objectives

	Group		Charity	
	18-month period ended 31 May 2019 £	Year ended 30 November 2017 £	18-month period ended 31 May 2019 £	Year ended 30 November 2017 £
Grants to Social Bite Ltd	-	-	<b>1,180,738</b>	854,315
Grants to Social Bite Restaurants Ltd	-	-	<b>190,115</b>	54,471
Grants to Social Bite Communities Ltd	-	-	<b>25,904</b>	40,812
Provision of free food, support and employment to the Homeless community	<b>1,370,853</b>	888,748	-	-
Social Bite Village (includes depreciation)	<b>544,981</b>	-	<b>519,077</b>	-
Worlds Big Sleep Out	<b>302,037</b>	-	<b>302,037</b>	-
Housing First programme	<b>1,554,317</b>	-	<b>1,554,317</b>	-
Donations to other charities working for the alleviation of poverty	<b>210,604</b>	40,323	<b>210,604</b>	40,323
Campaigning	<b>1,898,769</b>	-	<b>1,898,769</b>	-
Allocation of support costs	<b>782,429</b>	171,607	<b>782,429</b>	171,607
Allocation of governance costs	<b>12,000</b>	6,900	<b>12,000</b>	6,900
	<b>6,675,990</b>	<b>1,107,578</b>	<b>6,675,990</b>	<b>1,168,428</b>
<b>Attributed to funds as follows:</b>				
Unrestricted funds	<b>6,108,833</b>	1,051,273	<b>6,108,833</b>	1,112,123
Restricted funds	<b>567,157</b>	56,305	<b>567,157</b>	56,305
Total	<b>6,675,990</b>	<b>1,107,578</b>	<b>6,675,990</b>	<b>1,168,428</b>

# THE SOCIAL BITE FUND

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MAY 2019 (continued)

### 6 Resources expended (continued)

During the current period, the charity announced a commitment of up to £3m towards a pilot Housing First programme, in conjunction with a £6m commitment from the Scottish Government. The expenditure of £1,554,317 reflects the actual spend to date.

Social Bite Ltd operates sandwich shops and associated delivery business and is set up with the intention of acting as a social business and delivers substantial charitable activity on behalf of The Social Bite Fund. Social Bite Restaurants Ltd operates a restaurant at which customers can pay meals forward for the homeless. It also offers training and employment opportunities for Edinburgh's most disadvantaged people and has a weekly sit-down service for the homeless.

Donations to other charities were made in furtherance of the charitable activities of the Fund, based on donations generated through our activities.

Campaigning costs are described in greater detail within the Trustees' Report.

The Social Bite Village costs reflect both operational costs of running the Village as well as one off costs relating to the opening of the Village, once it was transferred over to the charity from Social Bite Communities Ltd.

#### (ii) Raising funds

	Group		Charity	
	18-month period ended 31 May 2019 £	Year ended 30 November 2017 £	18-month period ended 31 May 2019 £	Year ended 30 November 2017 £
Shop & restaurant operations	<b>3,728,801</b>	2,897,686	-	-
Advertising and marketing fees	<b>57,838</b>	32,618	<b>57,838</b>	32,618
Donation processing fees	<b>111,621</b>	65,712	<b>111,621</b>	65,712
Event management costs	<b>1,467,226</b>	-	<b>1,467,226</b>	-
Allocation of support costs	<b>227,706</b>	17,046	<b>227,706</b>	17,046
	<b><u>5,593,192</u></b>	<u>3,013,062</u>	<b><u>1,864,391</u></b>	<u>115,376</u>

Event costs mainly relate to the attributable costs of running each event, with consideration to the purpose(s), whether this be campaigning, fundraising, or a mixture of both.

# THE SOCIAL BITE FUND

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MAY 2019 (continued)

### 6 Resources expended (continued)

#### (iii) Allocation of support costs – charity only

Method	Raising funds	Charitable activities	Total 18-month period ended 31 May 2019	Total Year ended 30 November 2017
	£	£	£	£
Audit & Accountancy fees	15,677	29,116	<b>44,793</b>	32,488
Bank, professional & consultancy fees	29,974	55,666	<b>85,640</b>	14,710
General expenses	2,489	4,622	<b>7,111</b>	24,714
Insurance	2,675	4,968	<b>7,643</b>	634
Interest paid	5,202	9,661	<b>14,863</b>	-
IT Software & Consumables	4,880	9,062	<b>13,942</b>	4,412
Legal expenses	1,532	2,845	<b>4,377</b>	-
Office expenses	3,405	6,323	<b>9,728</b>	-
Rent & rates	31,515	58,529	<b>90,044</b>	-
Salaries	114,744	584,641	<b>699,385</b>	105,311
Training & development	6,370	11,831	<b>18,201</b>	-
Travel expenses	9,243	17,165	<b>26,408</b>	13,284
	<b>227,706</b>	<b>794,429</b>	<b>1,022,135</b>	<b>195,553</b>

Total governance costs comprise of legal expenses of £4,377 plus auditor's remuneration in respect of the external audit of the charity and its group of £12,000.

#### (iv) Auditor's remuneration

The analysis of external auditor's remuneration for the year is as follows:

	Group		Charity	
	18-month period ended 31 May 2019	Year ended 30 November 2017	18-month period ended 31 May 2019	Year ended 30 November 2017
	£	£	£	£
Audit fees	12,000	6,900	12,000	6,900
Late accrual for 2017 audit fee	-	2,300	-	2,300
Accountancy fees	2,250	3,000	-	-
Tax fees	3,750	3,750	-	-
	<b>18,000</b>	<b>13,650</b>	<b>12,000</b>	<b>6,900</b>

# THE SOCIAL BITE FUND

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MAY 2019 (continued)

### 7 Employees

#### (i) Number of employees

The average monthly number of employees during the period was:

	Group		Charity	
	18-month period ended 31 May 2019	Year ended 30 November 2017	18-month period ended 31 May 2019	Year ended 30 November 2017
Management and administration	21	15	13	3
Shop and restaurant staff	85	92	-	-
	<u>106</u>	<u>107</u>	<u>13</u>	<u>3</u>

#### (ii) Employment costs

	Group		Charity	
	18-month period ended 31 May 2019 £	Year ended 30 November 2017 £	18-month period ended 31 May 2019 £	Year ended 30 November 2017 £
Wages and salaries	2,715,669	1,391,668	636,217	93,360
Social security	195,722	87,785	64,747	11,950
Pension contributions	30,004	-	7,971	-
	<u>2,941,395</u>	<u>1,479,453</u>	<u>708,935</u>	<u>105,310</u>

There were 2 employees (2017: 1 employee) whose annual equivalent remuneration lay in the band £60,000 - £70,000 and 1 employee (2017: no employees) whose remuneration lay in the band £70,000 - £80,000, see also note (iii) below.

# THE SOCIAL BITE FUND

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MAY 2019 (continued)

### 7 Employees (continued)

#### (iii) Trustees' remuneration

None of the Trustees (or any persons connected with them) received any remuneration from the Fund in their role as Trustees. None of the Trustees, with the exception of remunerated employees listed below, received any reimbursement of expenses during the year.

The following Trustees received remuneration from their employment with the Fund and/or its subsidiary companies:

	<b>18-month period ended 31 May 2019 £</b>	<b>Year ended 30 November 2017 £</b>
Josh Littlejohn - remuneration		
As CEO of The Social Bite Fund	108,598	34,725
For services as director of subsidiary companies	-	31,250
Employer pension contributions	1,038	130
Total remuneration	<u>109,636</u>	<u>66,105</u>

The CEO's remuneration is disclosed in total for the 18-month accounting period and is not the annual equivalent remuneration.

Alan Mahon - remuneration		
Consultancy in respect of Sleep in the Park project	<u>7,575</u>	<u>22,544</u>

Alan Mahon remuneration is included up to 13 March 2018, when he stepped down as a Trustee.

# THE SOCIAL BITE FUND

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MAY 2019 (continued)

### 8 Tangible fixed assets

Group	Land and buildings £	Assets under construction £	Plant and machinery etc £	Total £
<b>Cost or valuation</b>				
At 1 December 2017	484,693	240,610	369,889	1,095,192
Additions	154,415	422,209	26,173	602,797
Disposals	(127,913)	-	(43,820)	(171,733)
Transfers	662,819	(662,819)	-	-
<b>At 31 May 2019</b>	<b>1,174,014</b>	<b>-</b>	<b>352,242</b>	<b>1,526,256</b>
<b>Depreciation</b>				
At 1 December 2017	235,876	-	234,114	469,990
Charge for the year	209,919	-	99,598	309,517
Eliminated on disposal	(100,967)	-	(43,820)	(144,787)
<b>At 31 May 2019</b>	<b>344,828</b>	<b>-</b>	<b>289,892</b>	<b>634,720</b>
<b>Net book value</b>				
<b>At 31 May 2019</b>	<b>829,186</b>	<b>-</b>	<b>62,350</b>	<b>891,536</b>
At 30 November 2017	248,817	240,610	135,775	625,202
<b>Charity</b>		<b>Land and buildings £</b>	<b>Plant and machinery etc £</b>	<b>Total £</b>
<b>Cost or valuation</b>				
At 1 December 2017	-	-	-	-
Additions	32,686	1,495	34,181	
Disposals	-	-	-	-
Transfer in from Social Bite Communities Ltd	662,819	-	662,819	
<b>At 31 May 2019</b>	<b>695,505</b>	<b>1,495</b>	<b>697,000</b>	
<b>Depreciation</b>				
At 1 December 2017	-	-	-	-
Charge for the year	101,820	167	101,987	
<b>At 31 May 2019</b>	<b>101,820</b>	<b>167</b>	<b>101,987</b>	
<b>Net book value</b>				
<b>At 31 May 2019</b>	<b>593,685</b>	<b>1,328</b>	<b>595,013</b>	
At 30 November 2017	-	-	-	-

# THE SOCIAL BITE FUND

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MAY 2019 (continued)

### 9 Investments – Company

	Shares in group undertakings £
<b>Cost</b>	
At 1 December 2017	-
Additions	-
<b>At 31 May 2019</b>	<b>-</b>
<b>Net book value</b>	
<b>At 31 May 2019</b>	<b>-</b>
At 30 November 2017	-

#### Holdings of more than 20%

The charity holds more than 20% of the share capital of the following companies:

#### Company

	Registered office	Principal activity	Shares held	
Subsidiary undertakings			Class	%
Social Bite Limited	Scotland	Operation of sandwich shops	Ordinary	100
Social Bite Restaurants Limited	Scotland	Operation of Vesta restaurant	Ordinary	100
Social Bite Communities Limited	Scotland	Construction of social housing	Ordinary	100

	Social Bite Limited £	Social Bite Restaurants Limited £	Social Bite Communities Limited £	18-month period ended 31 May 2019 £	Year ended 30 November 2017 £
Income	2,529,124	691,170	-	3,220,294	2,553,766
Cost of sales	(2,675,550)	(559,508)	-	(3,235,058)	(2,344,677)
Administration expenses	(1,444,894)	(456,352)	(25,904)	(1,927,150)	(1,484,346)
Other operating income	1,524,671	175,485	25,904	1,726,060	1,136,174
Interest payable	(7,360)	(6,530)	-	(13,890)	(11,629)
<b>(Loss) for period ended 31 May 2019</b>	<b>(74,009)</b>	<b>(155,735)</b>	<b>-</b>	<b>(229,744)</b>	<b>(150,712)</b>

# THE SOCIAL BITE FUND

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MAY 2019 (continued)

### 9 Investments – Company (continued)

Social Bite Limited is a social enterprise that also helps to deliver much of the charitable activities on behalf of the charity through feeding the homeless and providing employment opportunities. The charity provides reimbursement to the company at a fair rate in recompense for carrying out these activities and aims to provide a break-even position on an annual basis. Whilst there was a loss generated during the period, there has also been a fundamental review of the structure and finances within the company and a plan implemented to increase both turnover and profitability. This in turn can then be used to offset the income provided by the charity.

Social Bite Restaurants Limited runs a restaurant in Edinburgh, providing donations for the charity, employment opportunities for the homeless as well as a weekly sit-down service for them. There was a change in restaurant operator in July 2018 and whilst there was an increase in levels of charitable "Pay it Forward" donations paid to the charity and an increase in sales, trading losses unfortunately continued. The Trustees of the charity have considered very carefully their continued involvement with the restaurant over this period and have set out their expectations going forward that will maximise the level of charitable donations, reduce any funding to that which has been specifically provided (restricted) for the restaurant and to repay the inter-company balance. The Trustees are pleased to report that trading profits became the norm in the latter half of 2019.

Social Bite Communities Limited completed the construction of the Social Bite Village during the year, through loan funding provided by the parent charity. The administrative expenses incurred during the period, were offset by grants provided by the parent charity. During the year the completed Village asset was transferred to the parent charity in settlement of the construction loan funding provided. The company carried out no other trading activity. As previously disclosed, the intention is for this company to be wound up.

The Trustees report and the financial review provide further detail on the purpose of the group as a whole and the charitable activities delivered within each.

The assets and liabilities of the subsidiaries:

	<b>Social Bite Limited</b>	<b>Social Bite Restaurants Limited</b>	<b>Social Bite Communities Limited</b>	<b>31 May 2019</b>	<b>30 November 2017</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Tangible fixed assets	120,151	176,372	-	<b>296,523</b>	384,592
Current assets	245,534	99,893	12,852	<b>358,279</b>	762,282
Creditors: amounts falling due within one year	(444,706)	(494,483)	(12,851)	<b>(952,040)</b>	(844,873)
Creditors: amounts falling due after one year	(14,323)	(91,179)	-	<b>(105,502)</b>	(407,988)
<b>Total net assets / (liabilities)</b>	<b>(93,344)</b>	<b>(309,397)</b>	<b>1</b>	<b>(402,740)</b>	<b>(153,827)</b>

These results have been incorporated in the consolidated results of the group.

# THE SOCIAL BITE FUND

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MAY 2019 (continued)

### 10 Stock

	Group		Charity	
	31 May 2019	30 November 2017	31 May 2019	30 November 2017
	£	£	£	£
Food, Drink & Other Consumables	<u>25,743</u>	<u>28,571</u>	<u>-</u>	<u>-</u>

### 11 Debtors

	Group		Charity	
	31 May 2019	30 November 2017	31 May 2019	30 November 2017
	£	£	£	£
Trade debtors	134,585	154,513	40,846	51,225
Amounts due from group undertakings	-	-	266,209	319,972
Other debtors	<u>418,846</u>	<u>863,664</u>	<u>302,003</u>	<u>774,912</u>
	<u>553,431</u>	<u>1,018,177</u>	<u>609,058</u>	<u>1,146,109</u>

### 12 Creditors

	Group		Charity	
	31 May 2019	30 November 2017	31 May 2019	30 November 2017
	£	£	£	£
Trade creditors	266,855	189,167	31,341	220
Taxation and other social security	74,049	49,554	14,479	1,726
Amounts due to group company	-	-	10,539	-
Other creditors	<u>516,988</u>	<u>425,437</u>	<u>161,468</u>	<u>302,971</u>
	<u>857,892</u>	<u>664,158</u>	<u>217,827</u>	<u>304,917</u>

Outstanding loans held by the group's subsidiary companies of £12,694 (2017: £47,370), which are included within group other creditors, are secured.

# THE SOCIAL BITE FUND

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MAY 2019 (continued)

### 13 Creditors: amounts falling due after more than one year

	Group		Charity	
	31 May 2019	30 November 2017	31 May 2019	30 November 2017
	£	£	£	£
Other creditors	<u>43,650</u>	<u>490,596</u>	<u>-</u>	<u>50,000</u>

Outstanding loans held by the group's subsidiary companies of £43,650 (2017: £98,411), which are included within group other creditors, are secured.

#### Analysis of loans included within other creditors:

Wholly repayable within five years	211,513	393,281	-	50,000
Included in current liabilities	<u>(167,863)</u>	<u>(294,870)</u>	<u>-</u>	<u>-</u>
	<u>43,650</u>	<u>98,411</u>	<u>-</u>	<u>50,000</u>

### 14 Funds

#### (i) Movement in funds

	Balance at 1 December 2017	Income	Expenditure	Transfers	Balance at 31 May 2019
	£	£	£	£	£
<b>Group – current period</b>					
<b>Restricted funds</b>					
Social Bite Village	478,681	-	(356,822)	-	121,859
People's Postcode Lottery	73,207	-	(73,207)	-	-
Housing First	-	100,000	(100,000)	-	-
John Lewis Foundation	-	30,000	(22,128)	-	7,872
Sodexo Stop Hunger Foundation	-	10,000	(10,000)	-	-
Social Bite Ltd	-	25,000	-	-	25,000
Social Bite Restaurant Glasgow	-	60,000	-	-	60,000
	-	5,000	(5,000)	-	-
<b>Total restricted</b>	<u>551,888</u>	<u>230,000</u>	<u>(567,157)</u>	<u>-</u>	<u>214,731</u>
<b>Unrestricted funds</b>	<u>1,111,364</u>	<u>11,848,326</u>	<u>(11,702,025)</u>	<u>-</u>	<u>1,257,665</u>
<b>Total funds</b>	<u>1,663,252</u>	<u>12,078,326</u>	<u>(12,292,566)</u>	<u>-</u>	<u>1,472,396</u>

# THE SOCIAL BITE FUND

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MAY 2019 (continued)

### 14 Funds (continued)

#### (i) Movement in funds (continued)

	Balance at 1 December 2016	Income	Expenditure	Transfers	Balance at 30 November 2017
Group – prior year	£	£	£	£	£
<b>Restricted funds</b>					
Social Bite Village	-	520,693	(42,012)	-	478,681
People's Postcode Lottery	-	-	(14,293)	87,500	73,207
<b>Total restricted</b>	<b>-</b>	<b>520,693</b>	<b>(56,305)</b>	<b>87,500</b>	<b>551,888</b>
<b>Unrestricted funds</b>	<b>426,568</b>	<b>4,836,631</b>	<b>(4,064,335)</b>	<b>(87,500)</b>	<b>1,111,364</b>
<b>Total funds</b>	<b>426,568</b>	<b>5,357,324</b>	<b>(4,120,640)</b>	<b>-</b>	<b>1,663,252</b>

	Balance at 1 December 2017	Income	Expenditure	Transfers	Balance at 31 May 2019
Charity – current period	£	£	£	£	£
<b>Restricted funds</b>					
Social Bite Village	478,681	-	(356,822)	-	<b>121,859</b>
People's Postcode Lottery	73,207	-	(73,207)	-	-
Housing First	-	100,000	(100,000)	-	-
John Lewis Foundation	-	30,000	(22,128)	-	<b>7,872</b>
Sodexo Stop Hunger Foundation	-	10,000	(10,000)	-	-
Social Bite Ltd	-	25,000	-	-	<b>25,000</b>
Social Bite Restaurant Glasgow	-	60,000	-	-	<b>60,000</b>
	-	5,000	(5,000)	-	-
<b>Total restricted</b>	<b>551,888</b>	<b>230,000</b>	<b>(567,157)</b>		<b>214,731</b>
<b>Unrestricted funds</b>	<b>1,142,749</b>	<b>8,388,878</b>	<b>(7,973,224)</b>	<b>-</b>	<b>1,558,403</b>
<b>Total Funds</b>	<b>1,694,637</b>	<b>8,618,878</b>	<b>(8,540,381)</b>	<b>-</b>	<b>1,773,184</b>

# THE SOCIAL BITE FUND

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MAY 2019 (continued)

### 14 Funds (continued)

#### (i) Movement in funds (continued)

	Balance at 1 December 2016	Income	Expenditure	Transfers	Balance at 30 November 2017
Charity – prior year	£	£	£	£	£
<b>Restricted funds</b>					
Social Bite Village	-	520,693	(42,012)	-	478,681
People's Postcode Lottery	-	-	(14,293)	87,500	73,207
<b>Total restricted</b>	-	520,693	(56,305)	87,500	551,888
<b>Unrestricted funds</b>	355,080	2,102,668	(1,227,499)	(87,500)	1,142,749
<b>Total funds</b>	<b>355,080</b>	<b>2,623,361</b>	<b>(1,283,804)</b>	<b>-</b>	<b>1,694,637</b>

#### Nature and purpose of restricted funds:

**Social Bite Village** reflects donations provided that were specifically to support the construction and opening of the Village, together with associated running costs. Expenditure in the year includes the costs to the charity (including the depreciation cost), net of any occupancy income received.

**People's Postcode Lottery** was the agreed utilisation of funds received previously to support the growth in fundraising and organisational development.

**Housing First** reflects income we have received to be used towards our Housing First commitment. This was fully utilised in the year.

**John Lewis Foundation** provides funding towards supported employment opportunities for staff who were formerly homeless (this employment is provided by Social Bite Ltd).

**Sodexo Stop Hunger Foundation** provided £10,000 toward volunteer training, development and support.

**Social Bite Ltd** – this sum was provided by a donor to be used towards the upcoming refit of the Rose Street shop (that will improve the experience of both homeless and paying customers).

**Social Bite Restaurants Ltd** – the landlord of the restaurant provided a £60,000 donation to be used to support Restaurant activities.

**Glasgow** – a donor specified a preference that this was used in Glasgow and was subsequently allocated against the free food provided in that area.

# THE SOCIAL BITE FUND

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MAY 2019 (continued)

### 14 Funds (continued)

#### (ii) Analysis of net assets between funds - Group

	Unrestricted Funds £	Restricted Funds £	Total £
<b>Fund balances at 31 May 2019 are represented by:</b>			
Tangible assets	769,677	121,859	891,536
Current assets	1,389,530	92,872	1,482,402
Current liabilities	(857,890)	-	(857,890)
Creditors: amounts falling due after more than one year	(43,651)	-	(43,651)
	<b>1,234,281</b>	<b>214,731</b>	<b>1,472,396</b>
<b>Fund balances at 30 November 2017 are represented by:</b>			
Tangible assets	384,592	240,610	625,202
Current assets	1,881,526	311,278	2,192,804
Current liabilities	(664,158)	-	(664,158)
Creditors: amounts falling due after more than one year	(490,596)	-	(490,596)
	<b>1,111,364</b>	<b>551,888</b>	<b>1,663,252</b>

#### (iii) Analysis of net assets between funds - charity

	Unrestricted Funds £	Restricted Funds £	Total £
<b>Fund balances at 31 May 2019 are represented by:</b>			
Tangible assets	473,154	121,859	595,013
Current assets	1,303,076	92,872	1,395,948
Current liabilities	(217,827)	-	(217,827)
Creditors: amounts falling due after more than one year	-	-	-
	<b>1,558,403</b>	<b>214,731</b>	<b>1,773,134</b>
<b>Fund balances at 30 November 2017 are represented by:</b>			
Tangible assets	-	-	-
Current assets	1,497,666	551,888	2,049,554
Current liabilities	(304,917)	-	(304,917)
Creditors: amounts falling due after more than one year	(50,000)	-	(50,000)
	<b>1,142,749</b>	<b>551,888</b>	<b>1,694,637</b>

# THE SOCIAL BITE FUND

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MAY 2019 (continued)

### 15 Financial commitments

At 31 May 2019, the Group was committed to making the following total future minimum lease payments under non-cancellable operating leases as follows:

	<b>Group</b>		<b>Charity</b>	
	<b>2019</b>	<b>2017</b>	<b>2019</b>	<b>2017</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Operating leases which expire:</b>				
In one year	246,463	237,568	123,886	69,000
Between two and five years	678,702	738,610	212,389	158,610
In over five years	213,333	487,088	-	39,588
	<u>1,138,458</u>	<u>1,463,266</u>	<u>336,274</u>	<u>267,198</u>

### 16 Related party transactions

Josh Littlejohn is a Trustee of World's Big Sleep Out Trust ("WBSO"). During the period, the charity provided funding of £302,037 to WBSO. Where there are any decisions to be made by the Board in relation to WBSO, Josh Littlejohn will abstain from any vote.

Morag McNeill is a Trustee and Vice-Chair of Social Investment Scotland ("SIS"). At the period end, there were group loans outstanding to SIS totalling £73,524. Morag McNeill is also a Trustee and Deputy Chair of Court at Heriot-Watt University which is engaged in research in relation to the Housing First programme. Where there are any Board discussions relating to SIS or Heriot-Watt University, this conflict is noted, and Morag McNeill abstains from any discussion or decision making.

Social Bite Ltd uses ProcureWizard, an online procurement software. This was controlled by William Gorol, a former Director of Social Bite Ltd (resigned 12 March 2018) and Trustee (resigned 11 March 2019). ProcureWizard was sold by William Gorol in March 2018 to Access UK, although he retained an interest in the company. During the period, £14,994 was paid for use of this software.

### 17 Remuneration of key management personnel

The key management personnel of the group companies comprise the Group Chief Executive, Chief Executive and Group Finance Director. The total remuneration cost of employment over the 18-month period was £260,445 (2017 - £66,105).

# THE SOCIAL BITE FUND

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MAY 2019 (continued)

### 18 Reconciliation of group net income to group net cash flow from operating activities

	2019 £	2017 £
Net (expenditure) / income for the reporting period (as per the statement of financial activities)	(190,856)	1,236,684
<b>Adjustment for:</b>		
Interest received	(1,228)	-
Depreciation and impairment of tangible fixed assets	309,517	232,855
(Gain)/loss on disposal of fixed assets	26,946	-
<b>Movement in working capital:</b>		
Decrease in stock	2,828	3,599
Decrease / (Increase) in debtors	464,748	(342,727)
(Decrease)/Increase in creditors	(71,446)	(178,133)
Cash provided by operations	<u>540,509</u>	<u>952,278</u>

### 19 Financial instruments

	2019 £	Group 2017 £
<b>Carrying amount of financial assets</b>		
Loans and receivables measured at amortised cost:		
Cash and cash equivalents	903,285	1,146,056
Trade and other debtors	553,431	1,018,177
	<u>1,456,716</u>	<u>2,164,233</u>
<b>Carrying amount of financial liabilities</b>		
Measured at amortised cost – trade and other creditors	<u>901,540</u>	<u>1,154,754</u>

