

**INTERNATIONAL CENTRE FOR
SOCIAL FRANCHISING**
(Company limited by guarantee no. 08093052
registered charity no. 1153130)

REPORT AND FINANCIAL STATEMENTS

13 MONTH PERIOD ENDED 30 JUNE 2013



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INTERNATIONAL CENTRE FOR SOCIAL FRANCHISING

(Company limited by guarantee no. 08093052, registered charity no. 1153130)

REPORT AND FINANCIAL STATEMENTS

For the period from 1 June 2012 to 30 June 2013

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INTERNATIONAL CENTRE FOR SOCIAL FRANCHISING

REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISERS

For the period from 1 June 2012 to 30 June 2013

Board of Trustees	Joanna Stokes	(appointed 1 June 2012)
	Michael Norton	(appointed 1 June 2012)
	Christopher Underhill	(Chair) (appointed 1 June 2012)
	Amone Gbedemah	(appointed 20 November 2012)
	Simon Myers	(Treasurer) (appointed 18 February 2013)
	Neil Marshall	(appointed 5 July 2013)
	Kate Wareing	(appointed 12 August 2013)
Secretary	Joanna Louise Stokes	(appointed 1 June 2012)
Director/Chief Executive	Dan Berelowitz	
Company reg. no.	08093052	
Charity reg. no.	1153130	
Registered office	9 Mansfield Place London NW3 1HS	
Principal Office	Phoenix Yard 65 Kings Cross Road London WC1X 9LW	
Independent Examiner	Peter Gotham FCA FCCA DChA MHA MacIntyre Hudson New Bridge Street Hous 30-34 New Bridge Stree London EC4V 6BJ	
Bankers	Co-operative Bank Business Customer Services PO Box 250 Skelmersdale WN8 6WT	

BOARD OF TRUSTEES' REPORT

For the period from 1 June 2012 to 30 June 2013

The Board of Trustees, who are also directors of the Company for the purposes of the Companies Act, and trustees for charity law purposes, submit their annual report and the financial statements of International Centre for Social Franchising (ICSF) for the period ended 30 June 2013. The Board of Trustees confirms that the annual report and financial statements of the Company comply with current statutory requirements, the requirements of the Company's governing document and the provisions of the Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities (revised 2005)'.

Introduction

ICSF was conceived in 2011, became operational in 2012 and is fast becoming the leading expert globally on social replication and franchising.

ICSF is a charity that tackles the issue of scale, working with proven social purpose organisations to replicate them and their social impact to scale. It meets the public benefit reporting requirements by:

Complying with the Commission's general guidance on public benefit, describing its significant activities to further its charitable purposes for the public benefit.

This reporting narrative demonstrates that the charity is established for purposes which are for the public benefit and explains how the trustees have operated the charity in furtherance of these purposes.

Highlights

We are proud that during this past period the ICSF group (including the fully owned subsidiary, ICSF (Trading) Ltd) has taken considerable steps towards helping organisations franchise and replicate to increase the number of beneficiaries their organisations help in an efficient and cost-effective way. In addition, the group has worked with larger foundations and companies to promote franchising and replication as a means to furthering their own social impact.

Here are some of the highlights:

1. Clients of the group in the period included: Street League, FoodCycle, GoodGym, Big Society Capital, Tender, Big Lottery Fund, GlaxoSmithKline and Basic Needs.
2. Though ICSF has received initial grant funding, in the first period it was able to cover the vast majority of its operating costs through its trading activities and those carried out through the subsidiary, ICSF (Trading) Ltd.
3. ICSF has grown rapidly to revenue of over £290,000 as of June 2013. The ICSF is confident that high growth will continue as the number of client contracts secured continues to increase. Indeed, at the time of writing ICSF has recently won a contract to develop centres of social franchising excellence for PSI, the biggest health social franchise in the world with over 10,000 franchisees. All surplus generated from this work will be reinvested into the charitable mission of the ICSF.
4. ICSF is working internationally, establishing footholds in South Africa with the Graduate Business School at Cape Town, Australia with Community Works, China with a conference on social franchising due for November 2013.
5. ICSF is monitoring its social impact and now working to establish a more detailed framework for measuring its own social impact as the organisation grows.

INTERNATIONAL CENTRE FOR SOCIAL FRANCHISING

BOARD OF TRUSTEES' REPORT

For the period from 1 June 2012 to 30 June 2013

6. Research was completed with Big Society Capital into the viability of investment into social franchising which has led to further research with Big Lottery Fund, due for publication in October 2013. A paper titled 'Social franchising: Innovation and the power of old ideas' exploring the differences and similarities between commercial and social franchises was published with the Clore Social Leadership Programme and Social Enterprise UK in November 2012.

7. ICSF is already shaping dialogue towards the importance of replication in increasing social impact with articles and blogs published in the Stanford Social Innovation review, Guardian, Third Sector and others.

8. Two contracts for GlaxoSmithKline (GSK) were delivered by the Charity's trading subsidiary and work on a third is now underway. ICSF / GSK co-published a report available on the ICSF website on replicable health care models in the developing world. GSK have funded ICSF to create a group of organisations who will work to create a global healthcare ecosystem to dramatically increase access to medicine through replication of proven solutions. ICSF's work with GSK continues to be important both in terms of its potential for huge social impact and also in ensuring ICSF's own growth.

9. The Girl Effect commissioned ICSF to research the feasibility of an online marketplace to match proven social projects helping adolescent girls in the developing world with people who could set up those project in their own communities. This research was conducted from the UK and in-country in Rwanda, Kenya and India and assessed over 300 projects, and recommending 10 that have the potential to replicate their social impact globally using the marketplace.

10. In partnership with School for Social Entrepreneurs, ICSF ran a course on social franchising. The course was exceptionally well received; one participant referred to it as "the most inspirational training that I have ever attended...it taught me a considerable amount about myself and actions needed," in his feedback.

11. After advising FoodCycle on the replication of their model in-depth they are now rapidly gathering more franchisees.

Thanks are due to CIVA for incubating ICSF until incorporation.

Objects

The main objects as stated in the Articles of Association are: -

1. The promotion of the efficiency and effectiveness of charities and the effective use of charitable resources through

a. The provision of services, including but not limited to, research, advice and consultancy services to individuals, charities and/or other organisations, and

b. The promotion of the replication, systemisation and increased efficiency and reach of successful charitable projects

2. Such charitable purposes for the public benefit as are exclusively charitable according to the laws of England and Wales as the Trustees may from time to time determine.

BOARD OF TRUSTEES' REPORT

For the period from 1 June 2012 to 30 June 2013

Vision, Mission and Impact Goal

ICSF's vision is a just world free from poverty and discrimination. Its mission is to successfully spread proven social projects to match the size of social problems. There are numerous social organisations whose success has been evaluated and proved. Yet frustratingly, the wheel is constantly being reinvented. ICSF believe that every proven social impact project with the potential to scale up should achieve its ambition.

The Trustees have agreed an impact goal of helping replicate 10 projects to scale in the first 4 years of operation.

Activities

ICSF's activities have 3 key components:

1. Consult with businesses, social and public sector pioneers
2. Curate and forward knowledge
3. Convene leaders seeking to scale up their projects

Structure, governance and management

Legal control of the charity is in the hands of the Board of Trustees. Every trustee has been appointed a director of the company. Trustees are either the original subscribers to the company's Memorandum of Association or join the Board by election at Trustee meetings or by written resolution signed by all Trustees.

The organisation is a charitable company limited by guarantee, incorporated on 1 June 2012 and registered as a charity on 30 July 2013. The company was established under a Memorandum of Association, which established its objects and powers, and is governed by its Articles of Association. In the event of the company being wound up, its members are required to contribute an amount not exceeding £1.

The Board of Trustees work with the charity's Chief Executive on strategic development and policy implementation.

Trading Subsidiary

The ICSF works with charities and voluntary organisations carrying out charitable projects. Any services performed for other organisations are carried out by ICSF (Trading) Ltd, a wholly owned subsidiary of the ICSF. The trading subsidiary benefits from tax relief on profits donated to the parent charity ICSF.

Financial review

The net surplus during the first accounting period of the organisation was over £83,000. This is a significant achievement in such a short space of time and provides real opportunity for ICSF to reinvest this surplus in achieving its social mission.

£76,000 of income relates to the work carried out by the trading subsidiary ICSF (Trading) Ltd and £30,000 represents the resource sharing fee paid by the subsidiary to the parent. We received a grant of £69,000 from the Centre for Innovation and Voluntary Action ("CIVA") representing the finances generated from activities which occurred pre-incorporation under the auspices of CIVA. A further £39,000 of grant income was raised, with the balance of revenues, £77,000, arising from consultancy work carried out by the parent charity.

INTERNATIONAL CENTRE FOR SOCIAL FRANCHISING

BOARD OF TRUSTEES' REPORT

For the period from 1 June 2012 to 30 June 2013

£90,000 of expenditure related to direct consultancy expenses including external consulting fees and this amount was matched by employment costs. Recent recruitment of employed consultants and analysts mean that whilst we now have a larger ongoing payroll commitment, we are less reliant on relatively more expensive external consultants.

We have received repeat requests for consultancy work from clients and have several large projects underway, including those for clients outside of the UK.

Reserves Policy

ICSF's ongoing Reserves Policy is to ensure that a level of resources is always retained to continue funding:

- its core structure and activities for a minimum period of 3 months. Longer term the intention is that this will be 6 months
- its existing commitments to charitable projects

The Reserves Policy is reviewed at least annually in the light of the Charity's changing circumstances. The ongoing situation is monitored by the Treasurer and Chief Executive and is formally presented at each Trustee meeting, together with a cash flow forecast.

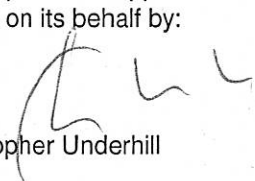
Risk Policy

In accordance with the recommendations of the Statement of Recommended Practice the trustees confirm that they have reviewed the major risks to which the charity might be exposed. An indemnity policy is in place to cover the negligence or default of trustees or employees.

Preparation of the report

This report has been prepared taking advantage of the small companies exemption of section 415A of the Companies Act 2006.

This report was approved and authorised for issue by the Board of Trustees on 19 November 2013 and signed on its behalf by:


Christopher Underhill
Chair

**INDEPENDENT EXAMINER'S REPORT TO THE BOARD OF TRUSTEES OF
INTERNATIONAL CENTRE FOR SOCIAL FRANCHISING (registered company no. 08093052)**

I report on the financial statements for the year ended 30 June 2013 set out on pages 7 to 14.

This report is made solely to the Board of Trustees, as a body, in accordance with regulations made under section 154 of the Charities Act 2011. My work has been undertaken so that I might state to the Board of Trustees matters I am required to state to them in an Independent Examiner's report and for no other purpose. To the fullest extent permitted by law, I do not accept or assume responsibility to anyone other than the Board of Trustees for my independent examination work, for this report, or for the statement I have given below.

Respective responsibilities of Board of Trustees and independent examiner

The Board of Trustees, who are the directors of International Centre for Social Franchising for the purposes of company law, and the trustees for the purposes of charity law, are responsible for the preparation of the financial statements. The Board of Trustees consider that an audit is not required for this year under section 144(2) of the Charities Act 2011 (the 2011 Act) and that an independent examination is needed.

Having satisfied myself that the Company is not subject to an audit under company law and is eligible for independent examination, it is my responsibility to:

- examine the accounts under section 145 of the 2011 Act;
- follow the procedures laid down in the general Directions given by the Charity Commissioners under section 145(5)(b) of the 2011 Act; and
- state whether particular matters have come to my attention.

Basis of independent examiner's statement

In connection with my examination, no matter has come to my attention:

1. which gives me reasonable cause to believe that in any material respect the requirements

- to keep accounting records in accordance with section 386 of the Companies Act 2006; and
- to prepare accounts which accord with the accounting records, comply with the accounting requirements of section 396 of the Companies Act 2006 and with the methods and principles of the Statement of Recommended Practice: Accounting and Reporting by Charities

have not been met; or

2. to which, in my opinion, attention should be drawn in order to enable a proper understanding of the accounts to be reached.


Peter Gotham FCA FCCA DChA

For and on behalf of MHA MacIntyre Hudson
Chartered Accountants and Statutory Auditor
New Bridge Street House
30-34 New Bridge Street
London EC4V 6BJ
Date: 25/11/2013

INTERNATIONAL CENTRE FOR SOCIAL FRANCHISING

STATEMENT OF FINANCIAL ACTIVITIES

(Incorporating Income and Expenditure Account & Statement of Total Realised Gains and Losses)

For the period from 1 June 2012 to 30 June 2013

	Note	13 months to 30 June 2013 £
INCOMING RESOURCES		
Incoming resources from generated funds:		
Voluntary income	2	38,790
Bank interest receivable		14
Donation from subsidiary	9	76,033
Resource Sharing Agreement	9	30,114
Incoming resources from charitable activities: Consultancy		76,761
Other incoming resources		1,074
Transfer from CIVA	3	68,968
TOTAL INCOMING RESOURCES		291,754
RESOURCES EXPENDED		
Costs of generating funds		22,926
Charitable activities		
Consultancy		151,554
Conferences		19,069
ICSF initiated projects		11,057
Charitable activities		181,680
Governance costs		3,786
TOTAL RESOURCES EXPENDED	4	208,392
NET MOVEMENT IN FUNDS		83,362
TOTAL FUNDS BROUGHT FORWARD		-
TOTAL FUNDS CARRIED FORWARD		£ 83,362

NOTE

The Charity has never received any restricted income.

The annexed notes form part of these financial statements

INTERNATIONAL CENTRE FOR SOCIAL FRANCHISING (company limited by guarantee)

BALANCE SHEET
As at 30 June 2013

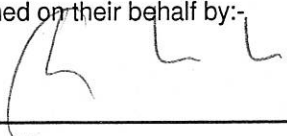
	Notes	£	2013 £
FIXED ASSETS			
Tangible assets	8		2,411
Investments			<u>1</u>
			2,412
CURRENT ASSETS			
Debtors	10	86,961	
Cash at bank and in hand		<u>14,349</u>	
		101,310	
CREDITORS: amounts falling due within one year	11	(20,360)	
NET CURRENT ASSETS			80,950
NET ASSETS		<u>£</u>	<u>83,362</u>
FUNDS			
Unrestricted funds:			
Designated funds	12	2,411	
General fund	12	<u>80,951</u>	
			83,362
		<u>£</u>	<u>83,362</u>

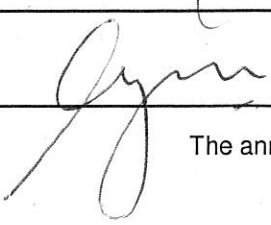
For the period ended 30 June 2013 the Company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

Directors' responsibilities:

- (i) The members have not required the Company to obtain an audit of its accounts for the period in question in accordance with section 476;
- (ii) The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008). They were approved, and authorised for issue, by the directors on 19 November 2013 and signed on their behalf by:-


CHRISTOPHER UNDERHILL, Chair


SIMON MYERS, Treasurer

The annexed notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

For the period from 1 June 2012 to 30 June 2013

1. ACCOUNTING POLICIES

Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with the Statement of Recommended Practice (SORP), "Accounting and Reporting by Charities" published in 2005, applicable accounting standards and the Financial Reporting Standard for Smaller Entities (effective April 2008).

The effects of events relating to the period ended 30 June 2013 which occurred before the date of approval of the financial statements by the Board of Trustees has been included in the financial statements to the extent required to show a true and fair view of the state of affairs at 30 June 2013 and the results for the period ended on that date.

Company status

International Centre for Social Franchising is a company limited by guarantee. In the event of the Charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the Charity.

Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objects of the Charity and which have not been designated for other

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

Incoming resources

All incoming resources are included in the Statement of Financial Activities when the Charity is legally entitled to the income and the amount can be quantified with reasonable accuracy.

Resources Expended

All expenditure is accounted for on an accruals basis and has been included under expense categories that aggregate all costs for allocation to activities. Support costs, which cannot be directly attributed to particular activities, have been apportioned proportionately to the direct staff costs allocated to the activities. Governance costs include the costs of servicing Trustees' meetings, independent examination and strategic planning.

Irrecoverable VAT is charged against the category of resources expended for which it was incurred.

Tangible fixed assets and depreciation

All assets costing more than £400 are capitalised.

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Office equipment	-	33% per annum straight line
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NOTES TO THE FINANCIAL STATEMENTS

For the period from 1 June 2012 to 30 June 2013

2. VOLUNTARY INCOME

	13 months to 30 June 2013 £
Trust grants	37,500
Conference grants	1,290
	<u>£ 38,790</u>

3. TRANSFER FROM CIVA

The activities of the Charity were originally undertaken through the Centre for Innovation in Voluntary Action (CIVA) (company no. 06374591, charity no. 1122095). On 31 May 2012, CIVA passed over the unexpended funds arising from those activities at that date to the charity.

4. RESOURCES EXPENDED

	Staff costs £	Activities undertaken directly £	Support costs £	Total 13 months to 30 June 2013 £
Consultancy	64,375	64,671	22,508	151,554
Conferences	4,470	13,036	1,563	19,069
ICSF initiated projects	2,682	7,437	938	11,057
Total charitable expenditure	<u>71,527</u>	<u>85,144</u>	<u>25,009</u>	<u>181,680</u>
Costs of generating funds	16,987	-	5,939	22,926
Governance costs	894	2,579	313	3,786
Support costs	-	31,261	(31,261)	-
	<u>£ 89,408</u>	<u>£ 118,984</u>	<u>£ Nil</u>	<u>£ 208,392</u>

Resources expended include:

	2013 £
Independent Examiner's fee:	2,500
Depreciation - on owned assets	<u>1,205</u>

Details of staff costs are given in Note 6.

NOTES TO THE FINANCIAL STATEMENTS

For the period from 1 June 2012 to 30 June 2013

5. SUPPORT COSTS

	Total 13 months to 30 June 2013 £
Advertising & marketing	4,190
Depreciation	1,205
IT software and consumables	1,615
Bank charges	477
Telephone & internet	227
Staff recruitment	312
Staff training	4,224
Bad debts	4,566
Accounting database	19
Travel and subsistence	1,915
Intern stipend	417
Entertainment- staff	377
Entertainment- clients	423
External consulting fees and expenses	2,951
Hub service charge and expenses	2,207
Payroll bureau services	228
Printing & stationery	337
Postage, freight & courier	52
Insurance	1,828
Admin charges	2,000
Sundry expenses	1,691
	<u>£ 31,261</u>

6. STAFF NUMBERS AND COSTS

	13 months to 30 June 2013 £
Wages and salaries	76,654
Social security costs	8,362
Pension costs	4,392
	<u>£ 89,408</u>

The average weekly number of employees, calculated as full time equivalents, during the period was 1.6.

No employees received remuneration of more than £60,000.

NOTES TO THE FINANCIAL STATEMENTS

For the period from 1 June 2012 to 30 June 2013

7. BOARD OF TRUSTEES

During the year, no Trustees received any remuneration. £66 was reimbursed during the year to one Trustee for travel expenses incurred on Charity business.

A Trustee of the Charity, Michael Norton, is also a director for CIVA, who carried out the activities of the Charity before ICSF was set up (see Note 3). During the year the amount transferred to ICSF from CIVA was £68,968 after an administration fee of £2,000 towards costs incurred by CIVA relating to the Charity before it began operating in its own capacity.

8. TANGIBLE FIXED ASSETS

	Office equipment £
Cost	
Additions	3,616
At 30 June 2013	3,616
Depreciation	
Charge for the period	1,205
At 30 June 2013	1,205
Net book value	
At 30 June 2013	£ 2,411

9. INVESTMENT IN SUBSIDIARY UNDERTAKINGS

	13 months to 30 June 2013 £
Cost	
Additions	1
At 30 June 2013	£ 1

The following was a subsidiary undertaking of the charity:

Company	Co. No.	Country of registration or incorporation	Shares held Class
ICSF (Trading) Ltd	08202435	England and Wales	Ordinary

The nature of the business of ICSF (Trading) Ltd is the provision of consultancy work on social franchising.

INTERNATIONAL CENTRE FOR SOCIAL FRANCHISING

NOTES TO THE FINANCIAL STATEMENTS

For the period from 1 June 2012 to 30 June 2013

The results for ICSF (Trading) Ltd for the period from incorporation on 5 September 2012 to 30 June 2013 were as follows:

	2013 £
Turnover	138,008
Expenditure	(61,977)
Donation to parent charity	(76,033)
Interest receivable	2
Surplus for the year	£ Nil

The aggregate of resource sharing services charged by ICSF to the subsidiary in the year amounted to £30,114. The Charity and trading company believe this reflects the value of services provided during the period. The subsidiary gift aided their profits totalling £76,033 to ICSF. The balance owed by the subsidiary at the year end is shown in Note 10.

10. DEBTORS

	2013 £
Due within one year	
Trade debtors	3,605
Due from group undertakings	75,356
Accrued income	8,000
	£ 86,961

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2013 £
Trade creditors	323
Social security and other taxes	4,081
Pension creditor	4,100
Accruals	11,856
	£ 20,360

12. STATEMENT OF FUNDS

	Brought Forward £	Incoming Resources £	Resources Expended £	Transfers £	Carried Forward £
Designated fund:					
Fixed Asset Fund	-	-	(1,205)	3,616	2,411
General Funds	-	291,754	(207,187)	(3,616)	80,951
	£ Nil	£ 291,754	£ (208,392)	£ Nil	£ 83,362

NOTES TO THE FINANCIAL STATEMENTS

For the period from 1 June 2012 to 30 June 2013

13. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Designated Funds £	General Funds £	Total Funds £
Tangible fixed assets	2,411	-	2,411
Investment in subsidiary	-	1	1
Net current assets	-	80,950	80,950
	<u>£ 2,411</u>	<u>£ 80,951</u>	<u>£ 83,362</u>

14. PENSION COMMITMENTS

The Charity contributes to employee personal pension schemes where provided for in the employee's contract. The pension cost charge represents contributions payable by the Charity to these schemes and amounted to £4,392. Contributions outstanding at the year end amounted to £4,100 and are disclosed under creditors (Note 11).