

# **The Big Issue Group Limited**

Report and Consolidated Financial Statements

52 Week Period Ended

31 March 2013

Company Number 06771432

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# **The Big Issue Group Limited**

## **Report and consolidated financial statements for the 52 week period ended 31 March 2013**

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### **Directors**

A J Bird - International Chairman  
N Kershaw  
P Bird

### **Registered office**

1-5 Wandsworth Road, London, SW8 2LN.

### **Company number**

06771432

### **Independent Auditors**

PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors, 1 Embankment Place,  
London, WC2N 6RH

# The Big Issue Group Limited

## Directors' Report for the 52 week period ended 31 March 2013

The directors present their report together with the audited consolidated financial statements for the 52 week period ended 31 March 2013.

### Results

The consolidated profit and loss account is set out on page 6 and shows the profit for the period. The directors recommend a dividend of nil (2012: nil).

### Principal activities, business review and future developments

The group has two principal business activities:

- 1) a self-help business, whose principal activity is the production of publications that give people affected by homelessness the chance of making an income. This activity is carried on by the Big Issue Company Limited, the Big Issue Scotland Limited, the Big Issue South West Limited and the Big Issue Cymru Limited (hereafter referred to as the publishing business).
- 2) the provision of debt and quasi-equity to social enterprises in the United Kingdom. This activity is carried out by Big Issue Invest Limited and Big Issue Social Invest Limited (hereafter referred to as Invest & Social Invest).

The segmented trading result for the publishing business and Invest and Social Invest are as follows.

	Turnover	Turnover	Profit before tax	Loss before tax
	2013	2012	2013	2012
	£000s	£000s	£000s	£000s
<b>Publishing business</b>	5,904	5,915	194	(81)
<b>Invest &amp; Social Invest</b>	1,003	1,008	697	14

The publishing business will continue to focus on addressing the problems and issues affecting the homeless, and therefore our vendors, which continue to be significant in number and varied. The use of on-going needs-assessments provides critical feedback on the services required by our vendors. In conjunction with The Big Issue Foundation a registered charity which connects vendors with vital support and solutions, the company will continue to provide an avenue by which the homeless can help themselves.

Magazine sales circulation dropped 8.6% when compared with the year ending March 2012 pro rated at 52 weeks. This was offset by the months of April 2012 to November 2012 when the magazine was sold for £1.25. This was higher than the same period the year before at £1.00

Last year, the publishing business implemented a number of fundamental changes to improve the quality of the magazine and increase revenue from advertising:

- There will be one single editorial team that will produce all regional variations of the magazine group under one national editor.
- The magazine group entered into a strategic partnership with Dennis Publishing who assumed responsibility for generating Advertising Income from the magazine and providing the publishing system and resources needed to produce the magazine on a weekly basis.

At 31 March 2013 Big Issue Invest had made investments valued at £3,044,992 (2012: £2,842,111) and had cash at bank of £1,357,886 (2012: £768,040). Big Issue Invest continues to raise additional funds and is confident in being able to identify appropriate additional investment opportunities among social enterprises based in the UK.

# The Big Issue Group Limited

## Directors' Report for the period ended 31 March 2013 (Continued)

### Principal activities, business review and future developments (Continued)

The key business risks and uncertainties of the publishing business are considered to be the overall movement to digital rather than printed media, the overall level of economic activity and the impact of government policy on the level of homelessness in the UK.

The key business risks and uncertainties of Big Issue Invest are considered to be the future performance of existing investments, movements in interest rates and access to additional capital to support future growth of the fund.

### Financial Risks

**Liquidity Risk:** The company actively manages cash balances to ensure there are sufficient available funds for operations and new projects.

**Credit Risk:** Credit risk arises from cash and cash equivalents and deposits with banks, as well as credit exposures to partners and consumer customers. The company's primary exposure is to outstanding receivables due from its various customers. The company has implemented policies that require appropriate credit checks to be conducted on potential partners before contracts are signed. The company also ensures that legal arrangements are put in place to mitigate credit risk and monitors outgoing credit balances to ensure financial exposure is limited.

### Key Performance Indicators

The Key Performance Indicators that are regularly monitored for the publishing business are:

	2013	2012
Copy Sales per Edition	70,248	85,955
Average Vendor Numbers	1,621	1,775

The nature of Big Issue Invest's activities means that the use of KPIs is most appropriate in the context of the performance of the individual social enterprises in which investments have been made rather than at the company level.

### Group Restructuring

The Big Issue Group Ltd completed its restructuring with The Big Issue Company Ltd effective from the 1<sup>st</sup> April 2012. Shareholders in The Big Issue Company Ltd gifted their shareholding to the Big Issue Group Ltd for nil consideration and no shares have been issued.

The financial statements of the Group have been prepared using the merger method of accounting. Under merger accounting the results and cash flows of The Big Issue Company Ltd are combined from the beginning of the financial period in which the restructuring occurred and their assets and liabilities are combined at the amounts at which they were previously recorded. Comparatives are also shown on this basis.

### Directors

The directors of the company who served throughout the period and up to the date of these financial statements were:

A J Bird  
N Kershaw  
P Bird

# The Big Issue Group Limited

## Directors' Report for the period ended 31 March 2013 (Continued)

### Directors' Responsibilities Statement

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the consolidated and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Independent Auditors

PricewaterhouseCoopers LLP have expressed their willingness to continue in office and a resolution proposing that they be re-appointed will be put at the annual general meeting.

### Auditors and disclosure of information to auditors

In the case of each Director in office at the date the Directors' report is approved, and in accordance with Section 418 of the Companies Act 2006:

- So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware, and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the Board

N Kershaw  
Director

Date

16 April 2014

# **The Big Issue Group Limited**

## **Independent auditors' report**

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### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE BIG ISSUE GROUP LIMITED**

We have audited the consolidated and parent company financial statements (the 'financial statements') of The Big Issue Group Limited for the 52 week period ended 31 March 2013 which comprise the consolidated profit and loss account, the consolidated statement of total recognised gains and losses, the consolidated and company balance sheets, the consolidated cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

#### **Respective responsibilities of directors and auditors**

As explained more fully in the Directors' Responsibilities Statement (set out on page 3), the directors are responsible for the preparation of the consolidated financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the consolidated financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

#### **Scope of the audit of the consolidated financial statements**

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

#### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 March 2013 and of the group's profit and cash flows for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Opinion on other matters prescribed by the Companies Act 2006**

In our opinion the information given in the directors' report for the financial period for which the consolidated financial statements are prepared is consistent with the consolidated financial statements.

# The Big Issue Group Limited

## Independent auditors' report (*Continued*)

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

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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



Brian Henderson (Senior Statutory Auditor)  
For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London

16 April 2014

# The Big Issue Group Limited

## Consolidated profit and loss account for the 52 week period ended 31 March 2013

	Note	52 week period ended 31 March 2013 £	52 week period ended 31 March 2012 £
<b>Turnover</b>	2	6,907,217	6,923,229
Cost of sales		(2,718,821)	(2,823,805)
<b>Gross profit</b>		4,188,396	4,099,424
Administrative expenses		(4,390,981)	(4,276,982)
Other operating income	5	1,108,313	109,134
<b>Operating profit / (loss)</b>		905,728	(68,424)
Net Interest (payable) / receivable		(14,806)	1,371
<b>Profit / (Loss) on ordinary activities before taxation</b>	6	890,922	(67,053)
Taxation on profit / (loss) on ordinary activities	7	(33,082)	(3,403)
<b>Profit / (Loss) for the financial period</b>	17	857,840	(70,456)

There is no difference between the profit / (loss) on ordinary activities before taxation for the financial year stated above and their historical cost equivalents.

All operations are in respect of continuing activities.

The notes on pages 11 to 25 form an integral part of these consolidated financial statements.

# The Big Issue Group Limited

## Consolidated statement of total recognised gains and losses for the 52 week period ended 31 March 2013

		52 week period ended 31 March 2013 £	52 week period ended 31 March 2012 £
	Note		
<b>Profit / (Loss) for the financial period</b>		857,840	(70,456)
Deferred granted equity recognised in granted equity reserve	15	455,491	321,758
		<hr/>	<hr/>
<b>Total recognised gains and losses relating to the financial period</b>		1,313,331	251,302
		<hr/>	<hr/>

The notes on pages 11 to 25 form an integral part of these consolidated financial statements.

# The Big Issue Group Limited

## Consolidated balance sheet at 31 March 2013

<b>Company number 06771432</b>	<b>Note</b>	<b>31 March 2013 £</b>	<b>31 March 2013 £</b>	<b>31 March 2012 £</b>	<b>31 March 2012 £</b>
<b>Fixed assets</b>					
Tangible assets	8		41,980		47,407
Investments	9		2,502,919		2,169,565
			<u>2,544,899</u>		<u>2,216,972</u>
<b>Current assets</b>					
Stock	10	15,750		12,042	
Investments	9	542,073		672,546	
Debtors	11	605,972		502,310	
Cash at bank and in hand		2,078,835		1,698,629	
		<u>3,242,630</u>		<u>2,885,527</u>	
<b>Creditors: amounts falling due within one year</b>	12	(1,052,381)		(888,232)	
<b>Net current assets</b>			<u>2,190,249</u>		<u>1,997,295</u>
<b>Total assets less current liabilities</b>			<u>4,735,148</u>		<u>4,214,267</u>
<b>Creditors: amounts falling due after more than one year</b>	13		(2,515,442)		(3,308,433)
<b>Provisions for liabilities</b>	14		(70,620)		(70,079)
<b>Net assets</b>			<u>2,149,086</u>		<u>835,755</u>
<b>Merger reserve</b>	17		3		3
<b>Granted Equity</b>	17		2,147,058		1,691,567
<b>Profit and loss account</b>	17		2,025		(855,815)
<b>Total Shareholders' funds</b>	18		<u>2,149,086</u>		<u>835,755</u>

The financial statements on pages 6 to 25 were approved by the Board of Directors and authorised for issue on 16 April 2014

N Kershaw  
Director

The notes on pages 11 to 25 form an integral part of these consolidated financial statements.

# The Big Issue Group Limited

## Company balance sheet at 31 March 2013

<b>Company number 06771432</b>	<b>Note</b>	<b>31 March 2013 £</b>	<b>31 March 2013 £</b>	<b>31 March 2012 £</b>	<b>31 March 2012 £</b>
<b>Fixed assets</b>					
Tangible assets	8	-	-	-	-
Investments	9	-	-	-	-
			<hr/>	<hr/>	<hr/>
<b>Current assets</b>					
Stock	10	-	-	-	-
Debtors	11	-	-	-	-
Cash at bank and in hand		-	-	-	-
		<hr/>	<hr/>	<hr/>	<hr/>
<b>Creditors: amounts falling due within one year</b>	12	-	-	-	-
		<hr/>	<hr/>	<hr/>	<hr/>
<b>Net current assets</b>			-	-	-
			<hr/>	<hr/>	<hr/>
<b>Total assets less current liabilities</b>					
<b>Creditors: amounts falling due after more than one year</b>	13	-	-	-	-
			<hr/>	<hr/>	<hr/>
<b>Net assets</b>			-	-	-
			<hr/>	<hr/>	<hr/>
<b>Capital and reserves</b>					
Profit and loss account	17	-	-	-	-
			<hr/>	<hr/>	<hr/>
<b>Total Shareholders' funds</b>	18	-	-	-	-
			<hr/>	<hr/>	<hr/>

The financial statements on pages 6 to 25 were approved by the Board of Directors and authorised for issue on 16 April 2014

N Kershaw  
Director

The notes on pages 11 to 25 form an integral part of these consolidated financial statements.

# The Big Issue Group Limited

## Consolidated cash flow statement for the period ended 31 March 2013

	Note	Period ended 31 March 2013 £	Period ended 31 March 2013 £	Period ended 31 March 2012 £	Period ended 31 March 2012 £
<b>Net cash inflow / (outflow) from operating activities</b>	21		768,916		(327,117)
<b>Returns on investments and servicing of finance</b>					
Interest (payable) / received		(14,806)		1,371	
<b>Net cash inflow from returns on investments and servicing of finance</b>			(14,806)		1,371
<b>Taxation</b>			(772)		(18,324)
<b>Capital expenditure and financial investment</b>					
Purchase of tangible fixed assets		(28,926)		(13,637)	
Net loan investments (granted)/ repaid		(344,206)		(396,694)	
			(373,132)		(410,331)
<b>Increase / (Decrease) in net cash</b>	22		<u>380,206</u>		<u>(754,401)</u>

The notes on pages 11 to 25 form an integral part of these consolidated financial statements.

# The Big Issue Group Limited

## Notes to the financial statements for the period ended 31 March 2013

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### 1 Accounting policies

The financial statements have been prepared under the historical cost convention and are in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all years unless otherwise stated.

#### *Basis of preparation*

The financial statements have been prepared on a going concern basis which the directors consider appropriate for the following reasons:

The directors have prepared projected cash flow information for the period ending 12 months from the date of their approval of these financial statements. On the basis of this cash flow information, due to significant cost savings achieved, the directors consider that the group will continue to meet liabilities as they fall due.

The group meets its day to day working capital requirements through funds generated from its business activities without the need for additional loan facilities. All areas of the business are under scrutiny with further cost savings to be made in the foreseeable future.

The financial statements do not include any adjustments that would result from this going concern basis of financial statements being inappropriate.

#### *Basis of consolidation*

The group financial statements consolidate, using the acquisition method, the financial statements of The Big Issue Group Limited and its subsidiaries made up to 31 March 2013.

#### *Group restructuring*

These accounts have been prepared under merger accounting principles, as set out in the Financial Reporting Standard No 6 (Acquisitions and Mergers), in relation to the restructuring of the Big Issue reporting group involving The Big Issue Group Ltd and The Big Issue Company Ltd. Under merger accounting principles the results and cash flows of The Big Issue Group Ltd and The Big Issue Company Ltd have been combined from the beginning of the year in which the merger occurred, ie the year ended 31 March 2013.

The restructure of The Big Issue Group Ltd and The Big Issue Company Ltd was completed and became effective from 1<sup>st</sup> April 2012. Shareholders in The Big Issue Company Ltd transferred their shareholding for nil consideration, whilst also becoming members of The Big Issue Group Ltd, resulting in no change in the overall control of the group. There are currently two members.

The difference of £3 arising on consolidation between consideration given by The Big Issue Group Ltd (£nil) and the nominal value of shares acquired (£3) has been credited to reserves.

#### *Result of the parent company*

The company has taken advantage of the exemption under s408 of the Companies Act 2006 and has not presented its own profit and loss account in these financial statements. Refer to note 16 for the results of the Company for the period.

# The Big Issue Group Limited

## Notes to the financial statements for the period ended 31 March 2013

### 1 Accounting policies (*Continued*)

#### *Turnover*

Turnover represents amounts receivable in the ordinary course of business in respect of advertising revenue, the sale of newspapers and other complementary activities and is stated net of Value Added Tax. Revenue is recognised at the point when goods have been delivered.

Grant income, royalties and loan investment interest are considered secondary income for the group and as such are presented within other income on the face of the profit and loss account.

#### *Government and Revenue Grants*

Capital Grants received to make loans to social enterprises are credited to Deferred Granted Equity and released to a Granted Equity Reserve when ownership of the grant by the group is certain. The Granted Equity Reserve is a non-distributable reserve.

Grants towards capital expenditure are credited to the profit and loss account over the expected useful life of the assets to which they relate.

Revenue Grants are credited to the Profit and Loss on an accrual basis as the related expenditure is incurred.

#### *Donations*

Donations received are recognised in the profit and loss account when they are received.

#### *Depreciation*

Tangible assets are held at cost less accumulated depreciation. Depreciation is provided to write off the cost, less estimated residual values, of all tangible fixed assets, evenly over their expected useful lives. It is calculated at the following rates:

Motor vehicles	-	25% - 33% Straight Line
Leasehold improvements	-	20% - 33% Straight Line
Furniture, fittings and equipment	-	20% - 33% Straight Line

#### *Taxation*

The current tax charge is recognised in the profit and loss account at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted, or substantially enacted, by the balance sheet date.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts, in the financial statements. Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences or unused tax losses can be utilised.

Deferred income tax is determined using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax balances are not discounted.

# The Big Issue Group Limited

## Notes to the financial statements for the period ended 31 March 2013 (Continued)

### 1 Accounting policies (Continued)

#### *Leased assets*

Where assets are financed by leasing agreements that give rights approximating to ownership ('finance leases'), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the profit and loss account.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

#### *Investments*

Investments held as fixed assets are stated at cost less any provision for impairment. Investments are regularly reviewed for impairment, taking into account the subsidiary's and investments financial position and current and projected performance.

#### *Stocks*

Stocks are valued at the lower of cost and net realisable value, after making due allowances for obsolete and slow moving items.

### 2 Turnover

Turnover represents amounts receivable in the ordinary course of the publishing business in respect of advertising revenue, the sale of newspapers and other complementary activities, excluding Value Added Tax and arises solely within the United Kingdom.

	<b>52 Week Period ended 31 March 2013 £</b>	<b>52 Week Period ended 31 March 2012 £</b>
Newspaper Sales	4,596,661	4,636,628
Advertising	1,190,503	1,104,044
Investment	1,003,462	1,007,303
Other	116,591	175,254
	<b>6,907,217</b>	<b>6,923,229</b>

# The Big Issue Group Limited

## Notes to the financial statements for the period ended 31 March 2013 (Continued)

### 3 Employees

	52 Week Period ended 31 March 2013 £	52 Week Period ended 31 March 2012 £
Staff costs consist of:		
Wages and salaries	2,626,000	2,586,558
Social security costs	239,785	253,701
	<u>2,865,785</u>	<u>2,840,259</u>
The average weekly number of employees, including directors, during the period were:	<u>129</u>	<u>128</u>

### 4 Directors Emoluments

	52 Week Period ended 31 March 2013 £	52 Week Period ended 31 March 2012 £
Directors emoluments for services to the Group	<u>360,433</u>	<u>379,764</u>

The highest paid director received remuneration of £85,398 (2012: £73,959).

### 5 Other Operating Income

Other operating income includes amounts recognised following a re-structuring of the financial arrangements of The Big Issue Invest Limited, one of the subsidiaries of The Big Issue Company Limited.

# The Big Issue Group Limited

## Notes to the financial statements for the period ended 31 March 2013 (*Continued*)

### 6 Profit / (Loss) on ordinary activities before taxation

	Period ended 31 March 2013 £	Period ended 31 March 2012 £
Profit / (Loss) on ordinary activities before taxation is stated after charging:		
(Profit) on disposal of fixed assets	2,977	-
Depreciation	31,375	54,210
Fees payable to company auditors for:		
- The audit of parent company, subsidiaries and group financial statements	41,080	38,848
- Taxation compliance services	12,077	13,394
Payments under operating leases - land and buildings	167,128	155,598
	<hr/>	<hr/>

### 7 Tax on profit / (loss) on ordinary activities

	Period ended 31 March 2013 £	Period ended 31 March 2012 £
<i>Current tax</i>		
UK corporation tax on profit / (loss) of the period	32,540	-
<i>Deferred tax</i>		
Origination and reversal of timing differences	542	3,403
Total current tax charge	<hr/> 33,082 <hr/>	<hr/> 3,403 <hr/>

# The Big Issue Group Limited

## Notes to the financial statements for the period ended 31 March 2013 (Continued)

### 7 Tax on profit / (loss) on ordinary activities (Continued)

The tax assessed for the period differs from the standard rate of corporation tax in the UK. The differences are explained below:

	Period ended 31 March 2013 £	Period ended 31 March 2012 £
Profit / (Loss) on ordinary activities before taxation	890,922	(67,053)
Profit / (Loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 24% (2012: 26%)	213,822	(17,434)
<i>Effects of:</i>		
Expenses not deductible	26,884	5,758
Income not taxable	(27,223)	(31,271)
Movement in short term timing differences, tax at marginal rates	4,650	(23,859)
Utilisation of tax losses	(185,593)	-
Tax losses not recognised	-	98,127
Group relief claimed	-	(31,321)
Current tax charge for the period	32,540	-

In addition to the changes in rates of Corporation tax disclosed above further changes to the UK Corporation tax rates were substantively enacted as part of the Finance Bill 2013 on 2 July 2013. These include reductions to the main rate to reduce the rate to 21% from 1 April 2014 and to 20% from 1 April 2015. As the changes had not been substantively enacted at the balance sheet date their effects are not included in these financial statements.

A deferred tax asset relating to taxable losses of £155,472 (2012: £341,437) has not been recognised.

# The Big Issue Group Limited

## Notes to the financial statements for the period ended 31 March 2013 (Continued)

### 8 Tangible fixed assets

Group	Motor Vehicles £	Leasehold improvements £	Furniture, fittings and equipment £	Total £
<i>Cost</i>				
At 31 March 2012	242,099	349,625	1,058,965	1,650,689
Additions	24,360	-	4,566	28,926
Disposals	(131,649)	(325,261)	(720,235)	(1,177,145)
<b>At 31 March 2013</b>	<b>134,810</b>	<b>24,364</b>	<b>343,296</b>	<b>502,470</b>
<i>Accumulated Depreciation</i>				
At 31 March 2012	238,199	349,063	1,016,021	1,603,283
Charge for the period	4,975	562	25,838	31,375
Eliminated on disposals	(128,672)	(325,261)	(720,235)	(1,174,168)
<b>At 31 March 2013</b>	<b>114,502</b>	<b>24,364</b>	<b>321,624</b>	<b>460,490</b>
<i>Net book value</i>				
<b>At 31 March 2013</b>	<b>20,308</b>	<b>-</b>	<b>21,672</b>	<b>41,980</b>
At 31 March 2012	3,900	562	42,944	47,406

The company had no tangible fixed assets.

# The Big Issue Group Limited

## Notes to the financial statements for the period ended 31 March 2013 (Continued)

### 9 Investments

Group	Equity £	Loan stock £	Total £
Cost			
At 31 March 2012	224,632	2,920,128	3,144,760
Additions	-	2,016,233	2,016,233
Repayments and disposals	-	(1,672,027)	(1,672,027)
<b>At 31 March 2013</b>	<b>224,632</b>	<b>3,264,334</b>	<b>3,488,966</b>
Provision			
At 31 March 2012	112,316	182,360	294,676
Movement in the year	112,316	36,982	149,298
<b>At 31 March 2013</b>	<b>224,632</b>	<b>219,342</b>	<b>443,974</b>
<b>Net book value at 31 March 2013</b>	<b>-</b>	<b>3,044,992</b>	<b>3,044,992</b>
Net book value at 31 March 2012	112,316	2,729,795	2,842,111
		2013 £	2012 £
Investments classified as > 1 year		2,502,919	2,169,565
Investments classified as < 1 year		542,073	672,546
<b>Total investments</b>		<b>3,044,992</b>	<b>2,842,111</b>

A provisioning rate of 2% of the gross portfolio was applied during the fiscal year and the cumulative loan loss reserve position at 31 March 2012 was deemed adequate to cover estimated future investment losses.

# The Big Issue Group Limited

## Notes to the financial statements for the period ended 31 March 2013 (Continued)

### 9 Investments (Continued)

#### *Subsidiary and associated undertakings*

The following were subsidiary or associated undertakings at the end of the period:

Name	Country of Incorporation or registration	Proportion of voting rights and ordinary share capital held	Nature of business
<i>Subsidiary undertakings</i>			
The Big Issue Company Limited	England and Wales	100%	Publishing
The Big Issue Cymru Limited	England and Wales	100%	Publishing
Social Brokers Incorporated	England and Wales	100%	Dormant
Big Issue Invest Limited	England and Wales	100%	Financing of social enterprises
The Big Issue in Scotland Limited	Scotland	100%	Publishing
Big Issues Social Investment Limited	England and Wales	100%	Fund Management
<i>Trade investments</i>			
Call Britannia	England and Wales	28%	Call Centre

#### **Company**

The investment in The Big Issue Company Ltd was transferred in line with the explanation in note 24 and is recorded at its nominal value of £nil.

### 10 Stock

	Group 31 March 2013 £	Group 31 March 2012 £	Company 31 March 2013 £	Company 31 March 2012 £
Paper stock	15,750	12,042	-	-

There is no material difference between the replacement cost of stocks and the amounts stated above.

# The Big Issue Group Limited

## Notes to the financial statements for the period ended 31 March 2013 (Continued)

### 11 Debtors

	Group 31 March 2013 £	Group 31 March 2012 £	Company 31 March 2013 £	Company 31 March 2012 £
Trade debtors	100,546	234,237	-	-
Other debtors	408,728	110,227	-	-
Prepayments and accrued income	84,914	157,846	-	-
VAT Receivable	11,784	-	-	-
	<u>605,972</u>	<u>502,310</u>	<u>-</u>	<u>-</u>

All amounts fall due within one year except for a rent deposit of £56,195 (2012: £56,195) included in Other Debtors, which is repayable at the earlier of 11 years or assignment of the lease by the company.

Amounts owed from subsidiary undertakings represent Management Fees and Advertising Income cross charges and are unsecured, repayable on demand and bears no interest.

### 12 Creditors: amounts falling due within one year

	Group 31 March 2013 £	Group 31 March 2012 £	Company 31 March 2013 £	Company 31 March 2012 £
Trade creditors	414,087	501,600	-	-
Other creditors	59,236	17,078	-	-
Taxation and social security	103,549	56,830	-	-
Accruals and deferred income	435,763	312,724	-	-
Corporation tax	39,746	-	-	-
	<u>1,052,381</u>	<u>888,232</u>	<u>-</u>	<u>-</u>

Amounts owed by subsidiary undertakings represent Management Fees and Advertising Income cross charges and are unsecured, repayable on demand and bears no interest.

# The Big Issue Group Limited

## Notes to the financial statements for the period ended 31 March 2013 (Continued)

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

	Group 31 March 2013 £	Group 31 March 2012 £	Company 31 March 2013 £	Company 31 March 2012 £
Deferred granted equity (note 14)	352,942	808,433	-	-
Bank loan	2,162,500	2,500,000	-	-
	<u>2,515,442</u>	<u>3,308,433</u>	<u>-</u>	<u>-</u>

As at 31 March 2013 the group had two bank loans. Bank loans of £1.25m (2012: £2.5m) reach final maturity in 2017 and attract an interest rate of Base rate + 2.5%. Other loans of £0.95m (2012: nil) reach final maturity in 2019 and attracts an interest rate of 6.25%.

### 14 Provisions for liabilities

Group	31 March 2013 £	31 March 2012 £
Deferred tax	2,053	1,512
Other provisions	68,567	68,567
	<u>70,620</u>	<u>70,079</u>

Deferred tax relates to accelerated capital allowances.

The company had no provisions in either the current or prior period.

### 15 Deferred Granted Equity

Group	31 March 2013 £	31 March 2012 £
Brought forward balance	808,433	1,130,191
Recognised in equity	(455,491)	(321,758)
Carried forward balance at 31 March 2013	<u>352,942</u>	<u>808,433</u>

The company had no deferred granted equity in either the current or prior period.

# The Big Issue Group Limited

## Notes to the financial statements for the period ended 31 March 2013 (Continued)

### 16 Liability of members

The liability of members is limited. In the event of the company being wound up during a member's period of membership, or within one year afterwards, an amount not exceeding £1 may be required from that member towards the payment of the debts and liabilities of the company incurred before membership ceased. As at 31 March 2013 the company had 2 members, A J Bird and Nigel Kershaw (2012: 1 member, Parveen Bird).

Each "A" Members shall enjoy full voting rights entitling each "A" Member to one vote. Each "B" Member shall be non-voting except for resolutions stated in the Articles of Association.

### 17 Reserves

Consolidated	Merger Reserve £	Granted Equity Reserve £	Profit and Loss Account £
At 31 March 2012	-	1,691,567	(855,815)
Movement in the period	-	455,491	857,840
Merger reserve (see note 24)	3	-	-
At 31 March 2013	3	2,147,058	2,025

  

Company	Profit and Loss Account £
At 31 March 2012	-
Result for the financial period	-
At 31 March 2013	-

# The Big Issue Group Limited

## Notes to the financial statements for the period ended 31 March 2013 (Continued)

### 18 Reconciliation of movements in shareholders' funds

	Group 31 March 2013 £	Group 31 March 2012 £	Company 31 March 2013 £	Company 31 March 2012 £
Profit / (Loss) for the financial period	857,840	(70,456)	-	-
Deferred granted equity recognised in granted equity reserve	455,491	321,758	-	-
Net addition to/(reduction) in Shareholders' Funds	1,313,331	251,302	-	-
Opening Shareholders' funds	835,752	584,450	-	-
Merger reserve	3	3	-	-
Closing Shareholders' funds	2,149,086	835,755	-	-

### 19 Commitments under operating leases

As at 31 March 2013, the group had annual commitments under non-cancellable operating leases as set out below:

	31 March 2013 Land and buildings £	31 March 2012 Land and buildings £
Operating leases which expire:		
Within one year	22,000	-
Within two to five years	97,052	134,312
After five years	48,076	18,176
	167,128	152,488

### 20 Related party transactions

The group has taken advantage of the exemption under FRS 8 not to disclose transactions with entities, 100% or more whose voting rights are controlled within the group.

The group recharged expenses to a connected entity, The Big Issue Foundation, during the year of £148,590 (2012: £79,950). No amount is at the year end (2012: £nil).

During the period the company paid £41,000 (2012: £92,000) to Wedge Ltd for editorial content and market studies, a company controlled by John Bird. The outstanding amount at the year end is £3,600 (2012: £629).

# The Big Issue Group Limited

## Notes to the financial statements for the period ended 31 March 2013 (Continued)

### 21 Reconciliation of operating profit / (loss) to net cash inflow / (outflow) from operating activities

	31 March 2013 £	31 March 2012 £
Operating profit / (loss)	905,728	(68,424)
Depreciation	31,375	54,210
Profit / (Loss) on disposal of fixed asset	2,977	-
Increase in stocks	(3,708)	(171)
Decrease / (Increase) in debtors	(103,655)	(72,620)
Decrease in creditors	124,401	(118,850)
Decrease in long term creditors	(337,500)	-
Decrease in provisions	149,298	(121,262)
Net cash inflow / (outflow) from operating activities	<u>768,916</u>	<u>(327,117)</u>

### 22 Reconciliation of net cash inflow / (outflow) to movement in net debt

	Period ended 31 March 2013 £	Period ended 31 March 2013 £	Period ended 31 March 2012 £	Period ended 31 March 2012 £
Increase / (Decrease) in cash in the year	380,206		(754,401)	
Cash inflow from decrease in debt and lease financing	337,500		-	
Change in net debt resulting from cash flows	<u>717,706</u>		<u>(754,401)</u>	
Movement in net debt in the year		717,706		(754,401)
Opening net debt		(801,371)		(46,970)
Closing net debt		<u>(83,665)</u>		<u>(801,371)</u>

### 23 Analysis of net debt

	At 31 March 2012 £	Cash flow £	At 31 March 2013 £
Cash in hand and at bank	1,698,629	380,206	2,078,835
Debt due after one year	(2,500,000)	337,500	(2,162,500)
Total	<u>(801,371)</u>	<u>717,706</u>	<u>(83,665)</u>

# **The Big Issue Group Limited**

## **Notes to the financial statements for the period ended 31 March 2013 (Continued)**

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### **24 Group Restructuring**

#### **(a) Principal components of current and prior year**

The restructure of The Big Issue Group Ltd and The Big Issue Company Ltd became effective from 1<sup>st</sup> April 2012. The Big Issue Company Ltd shareholders gifted their shareholding to the Big Issue Group Ltd for nil consideration and no shares have been issued. Thus, Shareholders in The Big Issue Company Ltd transferred their shareholding whilst also becoming members of The Big Issue Group Ltd, resulting in no change in the overall control of the group. There are currently two members.

The financial statements of the Group have been prepared using the merger method of accounting. Under merger accounting the results and cash flows of The Big Issue Company Ltd are combined from the beginning of the financial period in which the restructuring occurred and their assets and liabilities are combined at the amounts at which they were previously recorded. Comparatives are also shown on this basis.

The net assets of The Big Issue Group on the date of the restructure becoming effective were £nil and the net assets of The Big Issue Company on the date of the restructuring becoming effective were £208,302.

### **25 Ultimate controlling party**

A J Bird is the ultimate controlling party by virtue of being the sole 'A' member.