

The Big Issue Group Limited

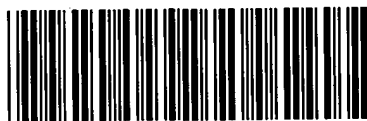
Reports and Consolidated Financial Statements

52 Week Period Ended

31 March 2015

Company Number 06771432

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The Big Issue Group Limited

Reports and Consolidated Financial Statements for the 52 week period ended 31 March 2015

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Directors

A J Bird - International Chairman
N Kershaw
P Bird

Registered office

113-115 Fonthill Road London N4 3HH

Company number

06771432

Independent Auditors

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

The Big Issue Group Limited

Strategic Report

for the 52 week period ended 31 March 2015

Strategic Goals

The publishing business of The Big Issue Magazine exists to provide those facing homelessness with the opportunity to earn income through selling a magazine to the public. In so doing we also offer our vendors the chance to acquire skills and receive support which can help to change their lives. Our business model is simple and robust based on the principal of a "hand up not a hand out" with our vendors buying a magazine from us at half price which they then sell to the public at full price.

However, to make this possible, we need to produce a magazine that the public wants to buy, provide our vendors locally with the ability to purchase that magazine and access the help and support they need on a daily basis. We have established strategic partnerships with other organisations that play a vital role in the delivery of our mission. In particular we work very closely with the Big Issue Foundation (a registered charity) who support our vendors in many locations across the UK, assessing their needs and connecting them with the relevant local services. In addition we have outsourced to Dennis Publishing the raising of magazine advertising revenue and the technical aspects of producing the content for the magazine.

As one of the oldest social enterprises in the country (founded in 1991) we have an established track record of covering the costs of supporting our vendors from the income we generate from sales of the magazine to vendors and advertising revenue. It is a core objective to maintain the financial self sufficiency of our publishing business now and in the future.

The Big Issue Invest's mission is to provide finance to social ventures that help tackle poverty and inequality.

Environment

The factors that impact those who face being homeless in the UK continue to be complex and varied. Many the individuals who work with us will suffer from the effects of substance abuse and be battling mental health issues. According to studies carried out by the University of York the recent recession continues to push more people into rough sleeping, although the rate of this increase slowed in 2013.

The commercial environment in which the Big Issue publishing business operates continues to change especially with regard to the public's access to alternative publications on the street. There is now a large and well established range of "free" publications (such as Metro and most recently Time Out) that are available for the use of commuters. The availability of digital media whether in e-magazines or other formats continues to gain acceptance and both these trends increase the potential competition for our vendors selling a traditional paper magazine on the street.

These trends represent the principal risks to the established business model of the Big Issue together with the potential for upward pressure of employment, fuel and paper costs to impact the overall profitability of the business.

Strategic Initiatives

In order to continue to support our vendors and to secure the long term future of the publishing business we focused on the following key strategic initiatives:

- Maintaining and improving the assistance that our staff provide to vendors at the local level
- Increased national and local marketing to publicise our business model to the public
- Identification of opportunities to increase income from new channels of distribution, creating digital forms of the magazine and new target markets for advertising
- Implementation of measures to improve efficiency and reduce costs

The Big Issue Group Limited

Strategic Report for the 52 week period ended 31 March 2015 (*Continued*)

Recent Performance

In 2014/15, the average weekly paper sales income increased by 4.8% year on year and Advertising revenue fell by 25%.

Our impact on the homeless continued to be significant. We estimate that there were on average over 1,400 vendors each week selling the Big Issue in the UK and that in total just fewer than 5,000 individuals worked with us in the last 12 months. These individuals collectively earned over £5.5m from selling the magazine as well as benefitting from the increased self respect that comes from working and from the help and support provided by our and the Big Issue Foundation's local staff.

The Big Issue Invest highlights during the year were:

- In 2014/15, Big Issue Invest provided finance of £1.8m to 16 social enterprises.
- The first cohort of Corporate Social Venture (CSV) investees graduated from the mentoring programme and the second round of the CSV challenge was introduced.
- The Threadneedle UK social Bond Fund completed its first full year of operation.
- 90% of SEIF funds are now committed and work has begun fundraising for a successor fund.
- Key performance indicators are included in the Directors Report on page 5

The Big Issue Group Limited

Strategic Report for the 52 week period ended 31 March 2015 (*Continued*)

Outlook

In 2015/16 we expect to face a very similar social and commercial environment to that experienced in the preceding 12 months and will continue to focus on the same key initiatives set out above. Further initiatives will be launched and tested aimed at securing new channels of distribution for our magazine that do not compete with our traditional street sales. Greater emphasis will be placed on securing corporate partnerships that will boost the Big Issue's profile as a successful social enterprise and generate further advertising revenue. Overall, despite the fact that we expect core revenue to decline at a modest rate, the steps taken to identify new sources of magazine and advertising revenues and lower operating costs should ensure that The Big Issue generates a modest cash surplus over the next twelve months.

On behalf of the Board



N. Kershaw
Director

Date

17/3/16

The Big Issue Group Limited

Directors' Report for the 52 week period ended 31 March 2015

The directors present their report together with the audited consolidated financial statements for the 52 week period ended 31 March 2015.

Results

The consolidated profit and loss account is set out on page 9 and shows the profit for the period. The directors recommend a dividend of nil (2014: 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).

the provision of debt and quasi-equity to social enterprises and the United Kingdom. This activity is carried out by Big Issue Invest Limited, Big Issue Social Invest Limited and Big Issue Invest Corporate Social Venturing Limited and Big Issue Fund Management Ltd (hereafter referred to as The Invest Group).

The segmented trading result for these two groups are as follows.

	Turnover	Turnover	Profit/(loss) before tax	Profit/ (loss) before tax
	2015	2014	2015	2014
Publishing business	£5,315,178	£5,564,635	£47,550	£337,091
The Invest Group	£1,413,123	£1,192,827	(£445,996)	(£557,470)

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 7.6% when compared with the year ending March 2014 pro rated at 52 weeks. Paper sales & Advertising revenue decreased due to market trends.

Big Issue Invest's (BII) mission is to provide finance to social ventures that help tackle poverty and inequality. 2014/15 has been a year of growth with turnover increasing by 34% from £932k to £1,251k.

- In 2014/15, Big Issue Invest provided finance of £1.8m to 16 social enterprises.
- The first cohort of Corporate Social Venture (CSV) investees graduated from the mentoring programme and the second round of the CSV challenge was introduced.
- The Threadneedle UK social Bond Fund completed its first full year of operation.
- 90% of SEIF funds are now committed and work has begun fundraising for a successor fund.

The Big Issue Group Limited

Directors' Report for the period ended 31 March 2015 (*Continued*)

Principal activities, business review and future developments (*continued*)

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:

	2015	2014
Copy Sales per Edition	65,592	66,903
Average Vendor Numbers	1,430	1,459

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.

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

Directors' Responsibilities Statement

The directors are responsible for preparing the Annual Reports and Consolidated 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 prepared the group and parent 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 the 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 applicable UK 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 company and the group will continue in business.

The Big Issue Group Limited

Directors' Report for the period ended 31 March 2015 (*Continued*)

Directors Responsibilities Statement (continued)

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 the group 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 the group 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.

Independent 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

17/3/16

The Big Issue Group Limited

Independent auditors' report to the members of The Big Issue Group Limited

Report on the financial statements

Our opinion

In our opinion, The Big Issue Group Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 March 2015 and of the group's loss and cash flows for the 52 week period (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.

What we have audited

The financial statements, included within the Reports and Consolidated Financial Statements (the "Annual Report"), comprise:

- the Consolidated balance sheet and Company balance sheet as at 31 March 2015;
- the Consolidated profit and loss account and the Consolidated statement of total recognised gains and losses for the period then ended;
- the Consolidated cash flow statement for the period then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, the information given in the Strategic Report and the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

The Big Issue Group Limited

Independent auditors' report (*Continued*)

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Directors' Responsibilities Statement set out on pages 5 and 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & 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.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the group's and the 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Jonathan Ford (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
17 March 2016

The Big Issue Group Limited

Consolidated profit and loss account for the 52 week period ended 31 March 2015

	Note	52 week period ended 31 March 2015 £	52 week period ended 31 March 2014 £
Turnover	2	6,728,301	6,757,462
Cost of sales		(2,937,250)	(2,955,140)
Gross profit		3,791,051	3,802,322
Administrative expenses		(4,165,399)	(4,082,568)
Distribution costs		(15,727)	
Other operating income	5	104,247	133,021
Operating loss		(285,828)	(147,225)
Interest payable and similar charges		(112,796)	(73,153)
Loss on ordinary activities before taxation	6	(398,624)	(220,378)
Tax on ordinary activities	7	178	4,269
Loss for the financial period	17	(398,446)	(216,109)

There is no material difference between the loss on ordinary activities before taxation and the loss for the financial years stated above and their historical cost equivalents.

In the current and prior year all operations are in respect of continuing activities.

The notes on pages 14 to 27 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 2015

	Note	52 week period ended 31 March 2015 £	52 week period ended 31 March 2014 £
Loss for the financial period		(398,446)	(216,109)
Deferred granted equity recognised in granted equity reserve	15	10,000	73,791
Total recognised gains and losses relating to the financial period		<u>(388,446)</u>	<u>(142,318)</u>

The notes on pages 14 to 27 form an integral part of these consolidated financial statements.

The Big Issue Group Limited

Consolidated balance sheet at 31 March 2015

<i>Company number 06771432</i>	Note	31 March 2015 £	31 March 2015 £	31 March 2014 £	31 March 2014 £
Fixed assets					
Tangible assets	8		89,507		65,281
Investments	9		4,023,820		2,751,788
			<hr/>		<hr/>
			4,113,327		2,817,069
Current assets					
Stocks	10	22,598		5,370	
Investments	9	719,050		728,257	
Debtors	11	511,007		643,111	
Cash at bank and in hand		2,820,854		2,219,852	
		<hr/>		<hr/>	
		4,073,509		3,596,590	
Creditors: amounts falling due within one year	12	(2,071,074)		(1,436,936)	
		<hr/>		<hr/>	
Net current assets			2,002,435		2,159,654
			<hr/>		<hr/>
Total assets less current liabilities			6,115,762		4,976,723
Creditors: amounts falling due after more than one year	13		(4,427,946)		(2,900,283)
Provisions for liabilities	14		(69,494)		(69,672)
			<hr/>		<hr/>
Net assets			1,618,322		2,006,768
			<hr/>		<hr/>
Merger reserve	17		3		3
Granted Equity	17		2,230,849		2,220,849
Profit and loss account	17		(612,530)		(214,084)
			<hr/>		<hr/>
Total Shareholders' funds	18		1,618,322		2,006,768
			<hr/>		<hr/>

The financial statements on pages 9 to 27 were approved by the Board of Directors on 17/3/16 and signed on its behalf by

N Kershaw
Director

The notes on pages 14 to 27 form an integral part of these consolidated financial statements.

The Big Issue Group Limited

Company balance sheet at 31 March 2015

<i>Company number 06771432</i>	Note	31 March 2015	31 March 2015	31 March 2014	31 March 2014
		£	£	£	£
Fixed assets					
Investments	9		3		2
			<u>3</u>		<u>2</u>
Creditors: amounts falling due within one year	12	(2)		(2)	
		<u></u>		<u></u>	
Net current liabilities			(2)		(2)
Total assets less current liabilities			<u>1</u>		<u>-</u>
Net assets			<u>1</u>		<u>-</u>
Capital and reserves					
Profit and loss account	17		1		-
			<u>1</u>		<u>-</u>
Total Shareholders' funds	18		<u>1</u>		<u>-</u>

The financial statements on pages 9 to 27 were approved by the Board of Directors and authorised for issue on 17/3/16

N Kershaw
Director

The notes on pages 14 to 27 form an integral part of these consolidated financial statements.

The Big Issue Group Limited

Consolidated cash flow statement for the period ended 31 March 2015

	Not e	52 week period ended 31 March 2015 £	52 week period ended 31 March 2015 £	52 week period ended 31 March 2014 £	52 week period ended 31 March 2014 £
Net cash inflow from operating activities	21		644,021		739,973
Returns on investments and servicing of finance					
Interest payable		(112,796)		(73,153)	
Net cash outflow from returns on investments and servicing of finance			(112,796)		(73,153)
Taxation			(21,863)		-
Capital expenditure and financial investment					
Purchase of tangible fixed assets		(68,811)		(53,636)	
Net loan investments (granted)		(1,377,212)		(472,167)	
			(1,446,023)		(525,803)
(Decrease) / Increase in net cash	23		(936,661)		141,017

The notes on pages 14 to 27 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 2015

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 2015.

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 17 for the results of the Company for the period.

Turnover

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

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.

The Big Issue Group Limited

Notes to the financial statements for the period ended 31 March 2015 (*Continued*)

1 Accounting policies (*Continued*)

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.

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 subsidiaries and investments, financial position and current and projected performance.

The Big Issue Group Limited

Notes to the financial statements for the period ended 31 March 2015 (Continued)

1 Accounting policies (Continued)

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.

	52 week period ended 31 March 2015 £	52 week period ended 31 March 2014 £
Newspaper Sales	4,360,513	4,270,119
Advertising	853,179	1,134,245
Investment	1,322,747	1,192,827
Other	191,862	160,271
	<u>6,728,301</u>	<u>6,757,462</u>

3 Employees

	52 week period ended 31 March 2015 £	52 week period ended 31 March 2014 £
Staff costs consist of:		
Wages and salaries	2,159,410	2,741,717
Social security costs	216,779	237,942
	<u>2,376,189</u>	<u>2,979,659</u>

The wages and salaries of the Directors are not included above as it is disclosed on Note 4.

The average weekly number of employees,
including directors, during the period were:

112	132
<u>112</u>	<u>132</u>

The Big Issue Group Limited

Notes to the financial statements for the period ended 31 March 2015 (*Continued*)

4 Directors' emoluments

	52 week period ended 31 March 2015 £	52 week period ended 31 March 2014 £
Directors' emoluments for services to the Group	372,807	336,110

The highest paid director received remuneration of £85,000 (2014: £85,000).

5 Other operating income

Other operating income amounts recognised following a Welsh Assembly Grant received by The Big Issue Cymru Limited, one of the subsidiaries of The Big Issue Company Limited.

6 Loss on ordinary activities before taxation

	52 week period ended 31 March 2015 £	52 week period ended 31 March 2014 £
Loss on ordinary activities before taxation is stated after charging:		
Depreciation	40,999	30,335
Loss of disposal of Motor Vehicles	3,587	-
Fees payable to company auditors for:		
- The audit of subsidiaries and group financial statements	54,400	48,758
- Taxation compliance services	15,522	13,717
Payments under operating leases - land and buildings	167,128	180,090

The cost of the audit of the parent company has been borne by Big Issue Company Limited.

The Big Issue Group Limited

Notes to the financial statements for the period ended 31 March 2015 (Continued)

7 Tax on loss on ordinary activities

	52 week period ended 31 March 2015 £	52 week period ended 31 March 2014 £
<i>Current tax</i>		
UK corporation tax credit on profit of the period	(178)	(4,269)
<i>Deferred tax</i>		
Origination and reversal of timing differences	-	-
Total current tax credit	<u>(178)</u>	<u>(4,269)</u>

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

	52 week period ended 31 March 2015 £	52 week period ended 31 March 2014 £
(Loss) / Profit on ordinary activities before taxation	<u>(398,624)</u>	<u>(220,378)</u>
(Loss) / Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 21%	(83,711)	(50,687)
<i>Effects of:</i>		
Expenses not deductible	49,466	3,883
Income not taxable	-	(240)
Other permanent items	(466)	-
Capital allowances in excess of depreciation	(1,884)	(14,448)
Movement in short term timing differences	(780)	(3,902)
Utilisation of tax losses	(2,069)	(37,132)
Tax losses not recognised	38,851	105,521
Adjustment to tax charge re previous period	-	(7,264)
Group relief not paid for	415	-
Current tax (credit) / charge for the period	<u>(178)</u>	<u>(4,269)</u>

A deferred tax asset relating to taxable losses of £151,391 (2014: £154,279) has not been recognised.

The UK corporation tax rate will be 20% from 1 April 2015 and this has been reflected in the accounts. Further changes to UK Corporation tax rates were announced in the Chancellor's Budget on 8 July 2015. These include reductions to the main rate to 19% from 1 April 2017 and to 18% from 1 April 2020. As these changes had not been substantially enacted at the balance sheet date their effects are not included in the financial statements.

The Big Issue Group Limited

Notes to the financial statements for the period ended 31 March 2015 (*Continued*)

8 Tangible assets

Group	Motor Vehicles £	Leasehold improvements £	Furniture, fittings and equipment £	Total £
<i>Cost</i>				
At 31 March 2014	142,310	24,364	389,432	556,106
Additions	-	6,834	61,978	68,812
Disposals	(22,217)	-	-	(22,217)
At 31 March 2015	120,093	31,198	451,410	602,701
<i>Accumulated depreciation</i>				
At 31 March 2014	123,776	24,364	342,685	490,825
Charge for the period	9,005	1,396	30,598	40,999
Eliminated on disposal	(18,630)	-	-	(18,630)
At 31 March 2015	114,151	25,760	373,283	513,194
<i>Net book amount</i>				
At 31 March 2015	5,942	5,438	78,127	89,507
At 31 March 2014	18,534	-	46,747	65,281

The company had no tangible fixed assets.

The Big Issue Group Limited

Notes to the financial statements for the period ended 31 March 2015 (Continued)

9 Investments

Group	Equity	Loan stock	Total
	£	£	£
Cost			
At 1 April 2014	224,633	3,736,501	3,961,134
Additions	-	2,228,890	2,228,890
Repayments and disposals	(224,633)	(911,021)	(1,135,654)
At 31 March 2015	-	5,054,370	5,054,370
Provision			
At 1 April 2014	224,633	256,457	481,090
Movement in the year	-	114,385	114,385
Disposals	(224,633)	(59,342)	(283,975)
At 31 March 2015	-	311,500	311,500
Net book amount at 31 March 2015	-	4,742,870	4,742,870
Net book amount at 31 March 2014	-	3,480,044	3,480,044
		2015	2014
		£	£
Investments classified as > 1 year		4,023,820	2,751,788
Investments classified as < 1 year		719,050	728,257
Total investments		4,742,870	3,480,045

A provisioning rate of 3% of the gross portfolio was applied during the fiscal year and the cumulative loan loss reserve position at 31 March 2015 was deemed adequate to cover estimated future investment losses.

The Company's investment in subsidiaries: The Bag Issue Limited and Prevention Convention Limited were made in 2010.

The current year balance is £3 (2014: £2).

The company received by means of a dividend in specie the investment in Big Issue Invest for the book value of £1.

The Big Issue Group Limited

Notes to the financial statements for the period ended 31 March 2015 (*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
The Big Issue in Scotland Limited	Scotland	100%	Publishing
Big Issue Invest Limited	England and Wales	100%	Financing of social enterprises
The Big Issue Digital Limited	England and Wales	100%	Bitcoin potential use for Social enterprises
Big Issue Invest Fund Management Limited	England and Wales	100%	Fund management
Big Issues Social Investment Limited	England and Wales	100%	Fund Management
Big Issue Invest Corporate Social Venturing Limited	England and Wales	100%	Financing of Social enterprises
Social Brokers Foundation	England and Wales	100%	Dormant
The Bag Issue Limited	England and Wales	100%	Dormant
Prevention Convention Limited	England and Wales	100%	Dormant

The directors believe that the carrying value of the investments is supported by their underlying net assets.

The Big Issue Group Limited

Notes to the financial statements for the period ended 31 March 2015 (Continued)

10 Stocks

	Group 31 March 2015 £	Group 31 March 2014 £	Company 31 March 2015 £	Company 31 March 2014 £
Paper stock	22,598	5,370	-	-

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

11 Debtors

	Group 31 March 2015 £	Group 31 March 2014 £	Company 31 March 2015 £	Company 31 March 2014 £
Trade debtors	303,306	303,338	-	-
Other debtors	123,476	231,790	-	-
Prepayments and accrued income	84,225	107,983	-	-
	<u>511,007</u>	<u>643,111</u>	<u>-</u>	<u>-</u>

All amounts fall due within one year except for a rent deposit of £56,195 (2014: £56,195) included in Other Debtors, which is repayable at the earlier of 10 years or assignment of the lease by the company.

12 Creditors: amounts falling due within one year

	Group 31 March 2015 £	Group 31 March 2014 £	Company 31 March 2015 £	Company 31 March 2014 £
Trade creditors	375,499	469,342	-	-
Other creditors	413,033	440,356	2	2
Taxation and social security	48,288	53,868	-	-
Accruals and deferred income	1,229,090	446,343	-	-
Corporation tax	5,164	27,027	-	-
	<u>2,071,074</u>	<u>1,436,936</u>	<u>2</u>	<u>2</u>

The Big Issue Group Limited

Notes to the financial statements for the period ended 31 March 2015 (Continued)

13 Creditors: amounts falling due after more than one year

	Group 31 March 2015 £	Group 31 March 2014 £	Company 31 March 2015 £	Company 31 March 2014 £
Deferred granted equity (note 15)	269,151	279,151	-	-
Bank loans and overdrafts	2,882,085	1,642,673	-	-
Other creditors	1,276,710	978,459	-	-
	<u>4,427,946</u>	<u>2,900,283</u>	<u>-</u>	<u>-</u>

As at 31 March 2015 the group had five instalment bank loans. One loan of £904,681 (2014: £950,000) reaches final maturity in 2019 and attract an interest rate 6.5%. This loan is secured by one loan that The Big Issue Invest Ltd has made to a client. The other loan of £537,500 (2014: £862,500) reaches final maturity in 2017 and attracts a base rate plus interest rate of 2.5%. This loan is secured over all the other assets of The Big Issue Invest Ltd. The rest of the loans are unsecured and repayment is contingent upon the performance of the investment portfolio.

14 Provisions for liabilities

Group	31 March 2015 £	31 March 2014 £
Deferred tax	927	1,105
Other provisions	68,567	68,567
	<u>69,494</u>	<u>69,672</u>

The movement in the year of the deferred tax provision is a charge of £178.

Deferred tax relates to accelerated capital allowances.

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

15 Deferred Granted Equity recognised in Equity Reserve

Group	31 March 2015 £	31 March 2014 £
Brought forward balance	279,151	352,942
Recognised in equity	(10,000)	(73,791)
Carried forward balance at 31 March 2015	<u>269,151</u>	<u>279,151</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 2015 (*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 2015 the company had 2 members, A J Bird and Nigel Kershaw (2014: 2 members, A J Bird and N Kershaw)

Each "A" Member 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 1 April 2014	3	2,220,849	(214,084)
Profit/ (loss) for the financial period	-	10,000	(398,446)
At 31 March 2015	3	2,230,849	(612,530)
Company			Profit and Loss Account £
At 1 April 2014			-
Profit for the financial period			1
At 31 March 2015			1

The Big Issue Group Limited

Notes to the financial statements for the period ended 31 March 2015 (Continued)

18 Reconciliation of movements in shareholders' funds

	Group 31 March 2015 £	Group 31 March 2014 £	Company 31 March 2015 £	Company 31 March 2014 £
(Loss)/profit for the financial period	(398,446)	(216,109)	1	-
Deferred granted equity recognised in granted equity reserve	10,000	73,791	-	-
Net addition/(reduction) to Shareholders' Funds	(388,446)	(142,318)	1	-
Opening Shareholders' funds	2,006,768	2,149,083	-	-
Merger reserve	-	3	-	-
Closing Shareholders' funds	1,618,322	2,006,768	1	-

19 Commitments under operating leases

As at 31 March 2015, the group had annual commitments under non-cancellable operating leases as set out below:

	31 March 2015 Land and buildings £	31 March 2014 Land and buildings £
Operating leases which expire:		
Within one year	80,000	19,314
Within two to five years	35,228	120,500
After five years	29,900	40,276
	145,128	180,090

20 Related party transactions

The group has taken advantage of the exemption under Financial Reporting Standard (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 £163,131 (2014: £144,391). The amount outstanding at the year end is £6,643 (2014: £1,353).

During the period the company paid £nil (2014: £nil) to Wedge Ltd for editorial content and market studies, a company controlled by John Bird. The outstanding amount at the year end is £nil (2014: £nil).

The Big Issue Group Limited

Notes to the financial statements for the period ended 31 March 2015 (Continued)

21 Reconciliation of operating profit to net cash inflow from operating activities

	31 March 2015 £	31 March 2014 £
Operating (loss)	(285,828)	(147,225)
Depreciation	40,999	30,335
(Loss) on disposal of fixed asset	3,586	-
(Increase) / Decrease in stocks	(17,226)	10,380
Decrease / (Increase) in debtors	132,104	(37,139)
Increase in creditors	656,001	388,825
Increase in long term creditors	-	458,632
Increase in provisions	114,385	36,165
Net cash inflow from operating activities	<u>644,021</u>	<u>739,973</u>

22 Reconciliation of net cash inflow to movement in net debt

	52 week period ended 31 March 2015 £	52 week period ended 31 March 2015 £	52 week period ended 31 March 2014 £	52 week period ended 31 March 2014 £
Increase in cash in the year	601,002		141,017	
Cash inflow from increase in debt and lease financing	(1,537,663)		(458,632)	
Change in net debt resulting from cash flows		(936,661)		(317,615)
Movement in net debt in the year		(936,661)		(317,615)
Opening net debt		(401,280)		(83,665)
Closing net debt		<u>(1,337,941)</u>		<u>(401,280)</u>

23 Analysis of net debt

	At 31 March 2014 £	Cash flow £	At 31 March 2015 £
Cash in hand and at bank	2,219,852	601,002	2,820,854
Debt due after one year	(2,621,132)	(1,537,663)	(4,158,795)
Total	<u>(401,280)</u>	<u>(936,661)</u>	<u>(1,337,941)</u>

The Big Issue Group Limited

Notes to the financial statements for the period ended 31 March 2015 (*Continued*)

24 Ultimate controlling party

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