

*Companies
House*

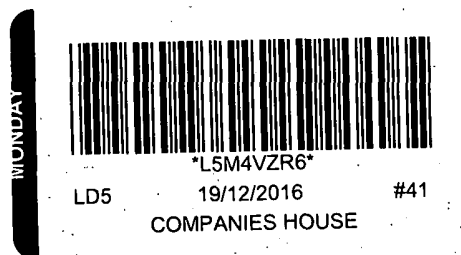
The Big Issue Group Limited

Report and Financial Statements

Year Ended

31 March 2016

Company Number 06771432



The Big Issue Group Limited
(A Company Limited by Guarantee)

Company Information

Directors	A J Bird N Kershaw P Bird K M Riches
Registered number	06771432
Registered office	113-115 Fonthill Road London England N4 3HH
Independent auditors	BDO LLP 55 Baker Street London W1U 7EU

The Big Issue Group Limited
(A Company Limited by Guarantee)

Contents

	Page
Group Strategic Report	1 - 2
Directors' Report	3 - 5
Independent Auditors' Report	6 - 7
Consolidated Statement of Comprehensive Income	8
Consolidated Statement of Financial Position	9
Company Statement of Financial Position	10
Consolidated Statement of Changes in Equity	11
Company Statement of Changes in Equity	12
Consolidated Statement of Cash Flows	13 - 14
Notes to the Financial Statements	15 - 34

The Big Issue Group Limited

(A Company Limited by Guarantee)

Group Strategic Report **For the Year Ended 31 March 2016**

Business review

As The Big Issue marks its landmark 25th anniversary it is appropriate to look back to where we have been and forward to the challenges of fulfilling our mission of “dismantling poverty and creating opportunity”.

Twenty-five years ago we struggled, and for many years after, with the enormity of our task. Starting on the double yellow lines of the West End of London, kindly ignored by friendly coppers and traffic wardens, we began.

To say that we knew precisely what we were doing was our first big whopper. That knowing what you are doing only comes from doing. And quickly we learned that we loved and loathed our work because it was so madly engaging and intense.

At times it got strained but we did our best to play honest broker in this appalling reality where thousands had faced decades of slaps, kicks, punches and pats on the back; so to speak. Out of this confrontation and other confrontations with angered and left-behind and patronised homeless people, we built a system of goodwill.

An amazing array of contradictory encouragements and rejections had added to homeless distress. What we brought into the argument was the chance to make honest money, and the chance to begin to control your life. If falling down had kept you down, we were offering “a hand up not a hand out”.

Twenty-five years is a long time to try and keep up the passion, and at times we sagged, got lost, and titivated rather than innovated.

But eventually we turned into something that smacked of usefulness. We think we have got somewhere very special.

It would be impossible if it were not for the thousands of homeless people who took us on this forced march of knowledge-gathering. This continuous assault course, demonstrating how much damage had been done to them that they needed our aid in alleviating; or managing.

Unfortunately sometimes the damage of their plight was so deep it could be terminal.

We launched Big Issue Invest in 2005 to further our model of delivering sustainable business solutions to tackle social problems. In the last ten years it has created a market for new financial investment models linking main stream investment to the Social Business Sector - investing and supporting over 300 social businesses that are through their work delivering our mission. We have recognised that whilst we wish to continue to work directly with people in need we can expand our reach by being an enabler of others.

We approach the next 25 years with excitement and vigour, knowing that we have the passion and skill to make a real difference by expanding our delivery mechanisms and embracing differing business solutions to dismantle poverty and create opportunity, challenging systems that are not trying to prevent these issues occurring.

The advent of the digital world expands our opportunity to engage and support whilst keeping the magazine as a frontline solution to those who have been abandoned.

The Big Issue model has been replicated in over 120 countries across the world, we through 2016-18 will see where we can bring ideas and solutions back to the UK ensuring that we deliver the best of the best as solutions to dismantle poverty and create opportunity for those who need that support.

In Big Issue Invest we will continue to expand our reach through direct investment whilst ensuring we work and adjust existing financial models to maximise the social impact that can be created.

**The Big Issue Group Limited
(A Company Limited by Guarantee)**

**Group Strategic Report (continued)
For the Year Ended 31 March 2016**

The next 25 years will be as exhilarating and exciting as the last with individuals and communities facing ever more complex challenges - we will be there to provide support and solutions.

Principal risks and uncertainties

Principal risks and uncertainties are included in the Directors' Report on page 4.

Key performance indicators

Key performance indicators are included in the Directors' Report on page 4.

John Bird

This report was approved by the board and signed on its behalf.



.....
N Kershaw
Director

Date:

16/12/2016

The Big Issue Group Limited

(A Company Limited by Guarantee)

Directors' Report

For the Year Ended 31 March 2016

The directors present their report and the financial statements for the year ended 31 March 2016.

Directors' responsibilities statement

The directors are responsible for preparing the Group Strategic Report, 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 financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 Company and the Group 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 for the Group financial statements 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group 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 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.

Results and dividends

The profit for the year, after taxation, amounted to £348,102 (2015 - loss of £388,446).

The directors recommend a dividend of £Nil (2015 - £Nil).

Principal activity

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 in Scotland 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, Big Issue Social Invest Limited, Big Issue Invest Corporate Social Venturing Limited and Big Issue Fund Management Limited (hereafter referred to as The Invest Group).

The Big Issue Group Limited

(A Company Limited by Guarantee)

Directors' Report

For the Year Ended 31 March 2016

Key performance indicators

The segmented trading result for the two groups are as follows:

	Turnover	Turnover	Profit/(loss)	Profit/(loss)
	2016	2015	before tax	before tax
	£	£	£	£
Publishing business	5,540,814	4,928,711	489,157	47,372
The Invest Group	1,161,105	1,587,364	(111,873)	(435,996)

The other main key performance indicator used by the Group is its net cash position. At 31 March 2016, the Group held net cash of £3,054,260 (2015 - £2,820,854).

Directors

The directors who served during the year were:

A J Bird
N Kershaw
P Bird

On 21 June 2016, K M Riches was appointed as a director of the Company.

Principal risks and uncertainties

Liquidity risk: The Group 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 Group's primary exposure is to outstanding receivables due from its various customers. The Group has implemented policies that require appropriate credit checks to be conducted on potential partners before contracts are signed. The Group also ensures that legal arrangements are put in place to mitigate credit risk and monitors outgoing credit balances to ensure financial exposure is limited.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the Company and the Group's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditors are aware of that information.

Subsequent events

There have been no significant events affecting the Group since the year end.

The Big Issue Group Limited
(A Company Limited by Guarantee)

Directors' Report
For the Year Ended 31 March 2016

Auditors

Pricewaterhouse Coopers LLP resigned as auditor of the company on 6 May 2016 and BDO LLP were appointed as auditor by the directors. BDO LLP have expressed their willingness to continue in office and a resolution to reappoint them as auditor will be proposed at the next annual general meeting.

This report was approved by the board and signed on its behalf.



.....
N Kershaw
Director

Date: 16/12/2016

The Big Issue Group Limited

(A Company Limited by Guarantee)

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

We have audited the financial statements of The Big Issue Group Limited for the year ended 31 March 2016 which comprise the consolidated statement of comprehensive income, the consolidated and company statement of financial position, the consolidated and company statement of changes in equity, the consolidated statement of cash flows 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), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities, 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). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 March 2016 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

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

**The Big Issue Group Limited
(A Company Limited by Guarantee)**

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

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.



Vanessa Bradley (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
London
United Kingdom

Date: 16/12/16

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

The Big Issue Group Limited
(A Company Limited by Guarantee)

Consolidated Statement of Comprehensive Income
For the Year Ended 31 March 2016

	Note	2016 £	As restated 2015 £
Turnover	4	6,701,919	6,516,075
Cost of sales		(1,338,222)	(1,205,250)
Gross profit		5,363,697	5,310,825
Distribution costs		(16,371)	(15,727)
Administrative expenses		(5,298,403)	(5,897,399)
Other operating income	5	107,375	114,247
Operating profit/(loss)	6	156,298	(488,054)
Income from other investments		345,590	212,226
Interest receivable and similar income		2,829	-
Interest payable and similar charges	10	(127,433)	(112,796)
Profit/(loss) on ordinary activities before taxation		377,284	(388,624)
Tax on profit/(loss) on ordinary activities	11	(29,182)	178
Profit/(loss) for the year		348,102	(388,446)
Other comprehensive income for the year		-	-
Total comprehensive income/(loss) for the year		348,102	(388,446)

All amounts relate to continuing operations.

The notes on pages 15 to 34 form part of these financial statements.

The Big Issue Group Limited
(A Company Limited by Guarantee)
Registered number:06771432

Consolidated Statement of Financial Position
As at 31 March 2016

	Note	2016 £	As restated 2015 £
Fixed assets			
Tangible assets	13	208,312	89,507
Investments	14	7,989,966	4,742,870
		<u>8,198,278</u>	<u>4,832,377</u>
Current assets			
Stocks	15	25,181	22,598
Debtors: amounts falling due within one year	16	667,223	511,007
Cash at bank and in hand	17	3,054,260	2,820,854
		<u>3,746,664</u>	<u>3,354,459</u>
Creditors: amounts falling due within one year	18	(1,550,766)	(2,071,074)
Net current assets		<u>2,195,898</u>	<u>1,283,385</u>
Total assets less current liabilities		<u>10,394,176</u>	<u>6,115,762</u>
Creditors: amounts falling due after more than one year	19	(8,427,104)	(4,427,946)
Provisions for liabilities			
Deferred taxation		(648)	(927)
Other provisions	21	-	(68,567)
		<u>(648)</u>	<u>(69,494)</u>
Net assets		<u><u>1,966,424</u></u>	<u><u>1,618,322</u></u>
Capital and reserves			
Merger reserve	22	3	3
Profit and loss account	22	1,966,421	1,618,319
		<u><u>1,966,424</u></u>	<u><u>1,618,322</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:


N Kershaw
Director

Date: 16/12/2016

The notes on pages 15 to 34 form part of these financial statements.

The Big Issue Group Limited
(A Company Limited by Guarantee)
Registered number:06771432

Company Statement of Financial Position
As at 31 March 2016

	Note	2016 £	2015 £
Fixed assets			
Investments	14	3	3
Creditors: amounts falling due within one year	18	(2)	(2)
Total assets less current liabilities		<u>1</u>	<u>1</u>
Net assets		<u>1</u>	<u>1</u>
Capital and reserves			
Profit and loss account	22	1	1
		<u>1</u>	<u>1</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

.....
N Kershaw
Director

Date:

16/12/2016

The Big Issue Group Limited
(A Company Limited by Guarantee)

Consolidated Statement of Changes in Equity
For the Year Ended 31 March 2016

	Merger reserve £	Profit and loss account £	Total equity £
At 1 April 2015	3	1,618,319	1,618,322
Comprehensive income for the year			
Profit for the year	-	348,102	348,102
At 31 March 2016	<u>3</u>	<u>1,966,421</u>	<u>1,966,424</u>

Consolidated Statement of Changes in Equity
For the Year Ended 31 March 2015

	Merger reserve £	Profit and loss account £	Total equity £
At 1 April 2014	3	2,006,765	2,006,768
Comprehensive loss for the year			
Loss for the year	-	(388,446)	(388,446)
At 31 March 2015	<u>3</u>	<u>1,618,319</u>	<u>1,618,322</u>

The notes on pages 15 to 34 form part of these financial statements.

The Big Issue Group Limited
(A Company Limited by Guarantee)

Company Statement of Changes in Equity
For the Year Ended 31 March 2016

	Profit and loss account	Total equity
	£	£
At 1 April 2015	1	1
Total comprehensive income for the year	-	-
At 31 March 2016	<u>1</u>	<u>1</u>

Company Statement of Changes in Equity
For the Year Ended 31 March 2015

	Profit and loss account	Total equity
	£	£
At 1 April 2014	1	1
Total comprehensive income for the year	-	-
At 31 March 2015	<u>1</u>	<u>1</u>

The notes on pages 15 to 34 form part of these financial statements.

The Big Issue Group Limited
(A Company Limited by Guarantee)

Consolidated Statement of Cash Flows
For the Year Ended 31 March 2016

	2016 £	2015 £
Cash flows from operating activities		
Profit/(loss) for the financial year	348,102	(388,446)
Adjustments for:		
Depreciation of tangible fixed assets	28,049	40,999
Loss on disposal of tangible fixed assets	40,007	3,586
(Reversal of) impairment charge on fixed asset investments	(146,613)	114,385
Investment income credited to the income statement	(345,590)	(212,226)
Interest credited to the income statement	(2,829)	-
Interest charged to the income statement	127,433	112,796
Taxation charged/(credited) to the income statement	29,182	(178)
Increase in stocks	(2,583)	(17,226)
(Increase)/decrease in debtors	(156,216)	132,104
(Decrease)/increase in creditors	(1,214,931)	646,001
Decrease in provisions	(68,567)	-
Corporation tax	-	(21,863)
Release of deferred grants	(29,009)	-
Net cash (used in)/generated from operating activities	(1,393,565)	409,932
Cash flows from investing activities		
Purchase of tangible fixed assets	(202,794)	(68,811)
Sale of tangible fixed assets	15,933	-
Interest received	2,829	-
Income from investments	345,590	212,226
Net loan investments (granted)	(3,100,483)	(1,377,212)
Net cash used in investing activities	(2,938,925)	(1,233,797)
Cash flows from financing activities		
New secured loans	2,471,470	1,239,412
Other new loans	133,332	183,333
Interest paid	(127,433)	(112,796)
Grants received	2,088,527	114,918
Net cash generated from financing activities	4,565,896	1,424,867
Net increase in cash and cash equivalents	233,406	601,002
Cash and cash equivalents at beginning of year	2,820,854	2,219,852
Cash and cash equivalents at the end of year	3,054,260	2,820,854

The Big Issue Group Limited
(A Company Limited by Guarantee)

Consolidated Statement of cash flows (continued)

Cash and cash equivalents at the end of year comprise:

Cash at bank and in hand	3,054,260	2,820,854
	<u>3,054,260</u>	<u>2,820,854</u>

The notes on pages 15 to 34 form part of these financial statements.

The Big Issue Group Limited

(A Company Limited by Guarantee)

Notes to the Financial Statements **For the Year Ended 31 March 2016**

1. General information

The Big Issue Group Limited is a Private Limited Company incorporated in England & Wales under the Companies Act. The address of the registered office is given on the contents page and the nature of the Company's operations and its principal activities are set out in the directors' report.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006, subject to the true and fair override described below. Due to the nature of some specific transactions undertaken by the Group, the accounts have been prepared in accordance with the special rules available to public benefit entities under FRS 102.

Information on the impact of first-time adoption of FRS 102 is given in note 28.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

The Big Issue Group Limited

(A Company Limited by Guarantee)

Notes to the Financial Statements **For the Year Ended 31 March 2016**

2. Accounting policies (continued)

2.2 Basis of consolidation

The consolidated financial statements present the results of Group and its own subsidiaries ("the Group") as if they formed a single entity (except for those subsidiaries as described below). Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Statement of Financial Position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

Big Issue Invest Limited, a subsidiary of the company, is the sole guarantor member of The Social Enterprise Loan Fund ("TSELF"), a UK charity. As the sole guarantor member, Big Issue Invest Limited controls the Board of TSELF. However, as TSELF is a registered charity, the interest is not held so as to obtain benefits from the activities of TSELF. As a result, in accordance with FRS 102, TSELF does not constitute a subsidiary of the Group.

The Group has elected to apply a true and fair override of the method of consolidation of the limited partnerships (described further below) as the acquisition or merger method of accounting does not represent the nature of the interest in these subsidiary undertakings, which have therefore been accounted for under the equity method. This departure is necessary to give a true and fair view of the financial statements of Big Issue Invest Limited. If an acquisition accounting approach to consolidation had been applied the total assets and liabilities of the underlying entities which Big Issue Invest Limited controls would have been consolidated in total and a non-controlling interest deducted, which would result in no material difference to the underlying net asset position.

Limited Partnerships

The Group manages two private equity limited partnerships, details of which are given in note 14 of the financial statements.

The Group consolidates its attributable proportion of the assets and income of the private equity limited partnerships which it manages as General Partners on the basis that the General Partners control the private equity limited partnerships.

Those partnerships are subsidiary undertakings and under the terms of the Companies Act 2006 should be consolidated in full. However, the members consider the accounts would not give a true and fair view if the assets and income as a whole were to be consolidated since the Group's interest in these assets is merely that of investment managers.

Income from other investments

Income from other investments relates to the priority profit share due to BII from the limited partnerships, which is recognised on an accruals basis.

The Big Issue Group Limited

(A Company Limited by Guarantee)

Notes to the Financial Statements **For the Year Ended 31 March 2016**

2. Accounting policies (continued)

2.3 Going concern

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, the directors consider that the group will continue to meet its liabilities as they fall due.

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

2.4 Turnover

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

2.5 Government and revenue grants

Capital grants received to make loans to social enterprises are credited to deferred grants upon receipt and released to the income statement when ownership of the grant by the Group is certain. Revenue grants are credited to the income statement on an accruals basis.

2.6 Donations

Donations received are recognised in the income statement when they are received.

The Big Issue Group Limited

(A Company Limited by Guarantee)

Notes to the Financial Statements

For the Year Ended 31 March 2016

2. Accounting policies (continued)

2.7 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to the income statement during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Leasehold improvements	-	20% - 33% straight line
Motor vehicles	-	25% - 33% straight line
Furniture, fittings and equipment-		20% - 33% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income' in the consolidated statement of comprehensive income.

2.8 Operating leases

Rentals paid under operating leases are charged to the income statement on a straight line basis over the period of the lease.

2.9 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.10 Stocks

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

2.11 Debtors and loan stock

Short term debtors are measured at transaction price, less any impairment.

Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

The Big Issue Group Limited

(A Company Limited by Guarantee)

Notes to the Financial Statements **For the Year Ended 31 March 2016**

2. Accounting policies (continued)

2.12 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

2.13 Financial instruments

The Group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), include loans and other debtors and creditors. Debt instruments that are payable or receivable within one year, typically trade debtors or creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Income Statement.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

The Group receives loans on which no interest is charged. The Group also receives grants for investment purposes which are repayable subject to capital and interest returns being received by the Group. These are considered to be concessionary loans, and so have been measured, initially and subsequently, at the undiscounted amount of cash received.

2.14 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at cost, net of transaction costs (see note 2.13).

2.15 Finance costs

Where loans are interest bearing, finance costs are charged to the Income Statement over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

The Big Issue Group Limited

(A Company Limited by Guarantee)

Notes to the Financial Statements **For the Year Ended 31 March 2016**

2. Accounting policies (continued)

2.16 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payments obligations.

The contributions are recognised as an expense in the Income Statement when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Group in independently administered funds.

2.17 Interest income

Interest income is recognised in the Income Statement using the effective interest method.

2.18 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The Big Issue Group Limited

(A Company Limited by Guarantee)

Notes to the Financial Statements For the Year Ended 31 March 2016

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have had to make the following judgements:

- Determine whether leases entered into by the Group as a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determine whether there are indicators of impairment of the Group's tangible fixed assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Other key sources of estimation uncertainty

- Tangible fixed assets (see note 13)
Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on the number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.
- Investments (see note 14)
Significant judgements and estimates have been used in the calculation of provisions which are deducted from financial investments. These provisions are calculated by applying impairments to financial investments after assessing their likelihood of default. In respect of financial investments, the provision applied at 31 March 2016 is £164,887 (2015 - £311,500).

4. Analysis of turnover

An analysis of turnover by class of business is as follows:

	2016 £	2015 £
Magazine sales	4,601,295	4,360,513
Advertising	847,270	853,179
Investment	857,306	1,110,521
Other	396,048	191,862
	<u>6,701,919</u>	<u>6,516,075</u>

All turnover arose within the United Kingdom.

The Big Issue Group Limited
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 March 2016

5. Other operating income

	2016 £	As restated 2015 £
Welsh assembly grant received	78,366	114,247
Release of deferred grants	29,009	-
	<u>107,375</u>	<u>114,247</u>

Other operating income includes amounts recognised following a Welsh Assembly grant received by the Big Issue Cymru Limited, one of the subsidiaries of The Big Issue Company Limited and the repayment of deferred granted equity in Big Issue Invest Limited.

6. Operating profit/(loss)

The operating profit/(loss) is stated after charging:

	2016 £	2015 £
Depreciation of tangible fixed assets	28,049	40,999
Other operating lease rentals	216,132	167,128
Loss on sale of assets	40,007	3,587
	<u>284,188</u>	<u>211,714</u>

7. Auditors' remuneration

	2016 £	2015 £
Fees payable to the Group's auditor and its associates for the audit of the Group's annual accounts	56,500	54,400
Fees payable to the Group's auditor and its associates in respect of:		
Other services relating to taxation	18,000	15,522
All other services	9,750	-
	<u>84,250</u>	<u>69,922</u>

The Big Issue Group Limited

(A Company Limited by Guarantee)

Notes to the Financial Statements For the Year Ended 31 March 2016

8. Employees

Staff costs, including directors' remuneration, were as follows:

	2016 £	As restated 2015 £
Wages and salaries	3,083,750	3,178,829
Social security costs	271,116	216,779
Cost of defined contribution scheme	11,875	-
	<u>3,366,741</u>	<u>3,395,608</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2016 No.	2015 No.
	<u>116</u>	<u>112</u>

9. Directors' remuneration

	2016 £	As restated 2015 £
Directors' emoluments	225,367	281,641
Company contributions to defined contribution pension schemes	1,251	-
	<u>226,618</u>	<u>281,641</u>

During the year retirement benefits were accruing to 3 directors (2015 - NIL) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £95,044 (2015 - £91,359).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £520 (2015 - £NIL).

10. Interest payable and similar charges

	2016 £	2015 £
Bank interest payable	127,433	112,322
Other interest payable	-	474
	<u>127,433</u>	<u>112,796</u>

The Big Issue Group Limited
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 March 2016

11. Taxation

	2016 £	2015 £
Corporation tax		
Current tax on profits for the year	29,461	-
Deferred tax		
Origination and reversal of timing differences	(279)	(178)
Taxation on profit/(loss) on ordinary activities	29,182	(178)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2015 - lower than) the standard rate of corporation tax in the UK of 20% (2015 - 21%). The differences are explained below:

	2016 £	2015 £
Profit/(loss) on ordinary activities before tax	377,284	(388,624)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 21%)	75,457	(81,611)
Effects of:		
Fixed asset differences	991	-
Expenses not deductible for tax purposes	3,674	49,466
Other permanent items	-	(466)
Adjustments to tax charge in respect of prior periods	(279)	-
Non-taxable income	(88,957)	(2,100)
Other tax adjustments, reliefs and transfers	67,500	-
Change in tax rate	149	-
Group relief	-	415
Deferred tax not recognised	(29,353)	34,118
Total tax charge/(credit) for the year	29,182	(178)

A deferred tax asset relating to taxable losses of £182,491 (2015 - £151,391) has not been recognised.

The UK corporation tax rate was 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 reporting date their effects are not included in the financial statements.

The Big Issue Group Limited

(A Company Limited by Guarantee)

Notes to the Financial Statements For the Year Ended 31 March 2016

12. Parent company result for the year

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements. The result after tax of the parent company for the year was £Nil (2015 - £Nil).

13. Tangible fixed assets

Group

	Leasehold improvements £	Motor vehicles £	Furniture, fittings and equipment £	Total £
Cost or valuation				
At 1 April 2015	31,198	120,093	451,410	602,701
Additions	165,469	-	37,325	202,794
Disposals	(28,524)	(95,228)	(315,937)	(439,689)
At 31 March 2016	<u>168,143</u>	<u>24,865</u>	<u>172,798</u>	<u>365,806</u>
Depreciation				
At 1 April 2015	25,760	114,151	373,283	513,194
Charge for the year	6,061	4,543	17,445	28,049
Disposals	(25,122)	(95,228)	(263,399)	(383,749)
At 31 March 2016	<u>6,699</u>	<u>23,466</u>	<u>127,329</u>	<u>157,494</u>
Net book value				
At 31 March 2016	<u>161,444</u>	<u>1,399</u>	<u>45,469</u>	<u>208,312</u>
At 31 March 2015	<u>5,438</u>	<u>5,942</u>	<u>78,127</u>	<u>89,507</u>

The Company had no tangible fixed assets.

The Big Issue Group Limited
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 March 2016

14. Fixed asset investments

Group

	Loan stock £
Cost or valuation	
At 1 April 2015	5,054,370
Additions	3,100,483
At 31 March 2016	<u>8,154,853</u>
Impairment	
At 1 April 2015	311,500
Charge for the period	(146,613)
At 31 March 2016	<u>164,887</u>
Net book value	
At 31 March 2016	<u><u>7,989,966</u></u>
At 31 March 2015	<u><u>4,742,870</u></u>

The provision is a specific provision calculated on a loan by loan basis.

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

The current year balance is £3 (2015 - £3).

In the prior year 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

(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 March 2016

14. Fixed asset investments (continued)

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Country of incorporation	Class of shares	Holding	Principal activity
The Big Issue Company Limited	England and Wales	Ordinary	100 %	Publishing
The Big Issue Cymru Limited	England and Wales	Ordinary	100 %	Publishing
The Big Issue in Scotland Limited	Scotland	Ordinary	100 %	Publishing
Big Issue Invest Limited	England and Wales	Ordinary	100 %	Financing of social enterprises
The Big Issue Digital Limited	England and Wales	Ordinary	100 %	Bitcoin potential use for social enterprises
Big Issue Invest Fund Management Limited	England and Wales	Ordinary	100 %	Fund management
Big Issue Social Investment Limited	England and Wales	Ordinary	100 %	Fund management
Big Issue Invest Corporate Social Venturing Limited	England and Wales	Ordinary	100 %	Financing of social enterprises
Social Brokers Foundation	England and Wales	Ordinary	100 %	Dormant
The Bag Issue Limited	England and Wales	Ordinary	100 %	Dormant
Prevention Convention Limited	England and Wales	Ordinary	100 %	Dormant
Social Enterprise Investment Fund I LP	England and Wales	n/a	- %	Fund
Social Enterprise Investment Fund II LP	England and Wales	n/a	- %	Fund

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

The Big Issue Group Limited

(A Company Limited by Guarantee)

Notes to the Financial Statements For the Year Ended 31 March 2016

14. Fixed asset investments (continued)

Company

	Investments in subsidiary companies £
Cost or valuation	
At 1 April 2015	3
At 31 March 2016	<u>3</u>
Net book value	
At 31 March 2016	<u>3</u>
At 31 March 2015	<u>3</u>

15. Stocks

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Paper stock	<u>25,181</u>	<u>22,598</u>	<u>-</u>	<u>-</u>

The difference between purchase price or production cost of stocks and their replacement cost is not material.

The Big Issue Group Limited
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 March 2016

16. Debtors

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Trade debtors	299,401	303,306	-	-
Other debtors	209,321	123,476	-	-
Prepayments and accrued income	158,501	84,225	-	-
	<u>667,223</u>	<u>511,007</u>	<u>-</u>	<u>-</u>

All amounts fall due within one year except for a rent deposit of £Nil (2015 - £56,495) included in other debtors, which is repayable at the earliest of 10 years or assignment of the lease by the Company.

17. Cash and cash equivalents

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Cash at bank and in hand	<u>3,054,260</u>	<u>2,820,854</u>	<u>-</u>	<u>-</u>

18. Creditors: Amounts falling due within one year

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Bank loans	665,162	-	-	-
Trade creditors	333,687	375,499	-	-
Corporation tax	35,567	5,164	-	-
Taxation and social security	32,817	48,288	-	-
Other creditors	110,156	413,033	2	2
Accruals and deferred income	373,377	1,229,090	-	-
	<u>1,550,766</u>	<u>2,071,074</u>	<u>2</u>	<u>2</u>

The Big Issue Group Limited

(A Company Limited by Guarantee)

Notes to the Financial Statements For the Year Ended 31 March 2016

19. Creditors: Amounts falling due after more than one year

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Bank loans	4,688,393	2,882,085	-	-
Other loans	516,665	383,333	-	-
Deferred grants	3,222,046	1,162,528	-	-
	<u>8,427,104</u>	<u>4,427,946</u>	<u>-</u>	<u>-</u>

Loans are secured via a debenture comprising fixed and floating charges over all the Company's assets.

As at 31 March 2016 the Group had 6 loans outstanding (2015 - 5). Bank loans of £0.3m (2015 - £0.3m) reach final maturity in 2017 and attract an interest rate of between 0% and 6.25%. Other loans of £0.517m (2015 - £0.383m) reach final maturity between 2023 and 2024 and attract an interest rate of 0%. Bank loan instalment repayments of £0.24m (2015 - £0.35m) were made during the year. The Company has taken advantage of the public benefit exemption and has not applied a commercial rate of interest, required under FRS 102 to these loans.

20. Financial instruments

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Financial assets				
Financial assets that are debt instruments measured at amortised cost	11,515,909	7,990,506	-	-
	<u>11,515,909</u>	<u>7,990,506</u>	<u>-</u>	<u>-</u>
Financial liabilities				
Financial liabilities measured at amortised cost	(6,613,796)	(5,283,040)	(2)	(2)
	<u>(6,613,796)</u>	<u>(5,283,040)</u>	<u>(2)</u>	<u>(2)</u>

Financial assets measured at amortised cost comprise cash and cash equivalents, trade and other debtors and accrued income.

Financial liabilities measured at amortised cost comprise bank loans, trade and other creditors and accrued expenses.

The Big Issue Group Limited

(A Company Limited by Guarantee)

Notes to the Financial Statements For the Year Ended 31 March 2016

21. Provisions

Group

	Other provisions £
At 1 April 2015	68,567
Written off in year	(68,567)
At 31 March 2016	-

The Company had no provisions in either the current or prior year.

22. Reserves

Profit and loss account

Profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

23. Company status

The company is a private company limited by guarantee and consequently does not have share capital. Each of the members is liable to contribute an amount not exceeding £1 towards the assets of the company in the event of liquidation. As at 31 March 2016, the Company had 2 members, A J Bird and N Kershaw (2015 - 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.

24. Pension commitments

The Group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £11,875 (2015 - £Nil). Contributions totalling £328 (2015 - £Nil) were payable to the fund at the reporting date and are included in creditors.

The Big Issue Group Limited (A Company Limited by Guarantee)

Notes to the Financial Statements For the Year Ended 31 March 2016

25. Commitments under operating leases

At 31 March 2016 the Group had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2016 £	Group 2015 £
Not later than 1 year	162,772	145,128
Later than 1 year and not later than 5 years	525,292	164,128
Later than 5 years	201,000	82,800
Total	889,064	392,056

The Company had no commitments under non-cancellable operating leases as at the reporting date.

26. Related party transactions

The Company has taken advantage of the exemption available under paragraph 33.1A of the Financial Reporting Standard 102 not to disclose transactions with other wholly owned members of the group.

During the year, the Group received management fees of £64,206 (2015 - £257,863), made a provision of £130,129 and paid suppliers the amount of £16,784 on behalf of its corporate member company The Social Enterprise Loan Fund. At the year end The Social Enterprise Fund owed the Group £80,990 (2015 - £130,129).

The Group recharged expenses to a connected entity, The Big Issue Foundation, during the year of £169,590 (2015 - £169,589), The amount outstanding at the year end is £21,615 (2015 - £Nil).

During the year, the Group received an annual priority profit share in respect of Social Enterprise Investment Fund I LP and Social Enterprise Investment Fund II LP under the terms of the relevant limited partnership agreements. £188,478 (2015 - £212,226) was received from Social Enterprise Investment Fund I LP and £157,112 (2015 - £Nil) was received from Social Enterprise Investment Fund II LP. Both entities are related parties of the Group by virtue of the Group's control of these entities. In addition, Big Issue Invest Corporate Social Venturing owed The Social Enterprise Loan Fund £50,000 (2015 - £50,000) in relation to the "Tech for Good" project.

Key management personnel include all directors who together have authority and responsibility for planning, directing and controlling the activities of the group. The total compensation paid to key management personnel for services provided to the group was £252,274 (2015 - £306,866).

27. Controlling party

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

The Big Issue Group Limited
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 March 2016

28. First time adoption of FRS 102

Group

		As previously stated 1 April 2014 £	Effect of transition 1 April 2014 £	FRS 102 (as restated) 1 April 2014 £	As previously stated 31 March 2015 £	Effect of transition 31 March 2015 £	FRS 102 (as restated) 31 March 2015 £
Note							
Fixed assets	2	2,817,069	728,257	3,545,326	4,113,327	719,050	4,832,377
Current assets	2	3,596,590	(728,257)	2,868,333	4,073,509	(719,050)	3,354,459
Creditors: amounts falling due within one year		(1,436,936)	-	(1,436,936)	(2,071,074)	-	(2,071,074)
Net current assets		2,159,654	(728,257)	1,431,397	2,002,435	(719,050)	1,283,385
Total assets less current liabilities		4,976,723	-	4,976,723	6,115,762	-	6,115,762
Creditors: amounts falling due after more than one year		(2,900,283)	-	(2,900,283)	(4,427,946)	-	(4,427,946)
Provisions for liabilities		(69,672)	-	(69,672)	(69,494)	-	(69,494)
Net assets		2,006,768	-	2,006,768	1,618,322	-	1,618,322
Capital and reserves		2,006,768	-	2,006,768	1,618,322	-	1,618,322

The Big Issue Group Limited
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 March 2016

28. First time adoption of FRS 102 (continued)

	Note	As previously stated 31 March 2015 £	Effect of transition 31 March 2015 £	FRS 102 (as restated) 31 March 2015 £
Turnover	2	6,728,301	(212,226)	6,516,075
Cost of sales	2	(2,937,250)	1,732,000	(1,205,250)
Gross profit		3,791,051	1,519,774	5,310,825
Distribution expenses		(15,727)	-	(15,727)
Administrative expenses	2	(4,165,399)	(1,732,000)	(5,897,399)
Other operating income	1	104,247	10,000	114,247
Operating loss		(285,828)	(202,226)	(488,054)
Income from investments	2	-	212,226	212,226
Interest payable and similar charges		(112,796)	-	(112,796)
Taxation		178	-	178
Loss on ordinary activities after taxation and for the financial year		(398,446)	10,000	(388,446)

Explanation of changes to previously reported profit and equity:

- 1 The entity sometimes receives grants for social investment purposes, which are potentially repayable depending on the level of capital and interest repayments made from the social investments. On occasion, the grant funder may waive their right to receive this grant funding back. In prior year financial statements, any such waiver of repayment was reflected in the financial statements as a reduction in deferred grant income and an increase in granted equity reserves, without having any impact on the reported income and expenditure for the year. Upon transition to FRS102, the correct accounting treatment is to reflect any such waivers as income for the year. This transitional adjustment has had no impact on the reported net assets of the company at either 1 April 2014 or 31 March 2015. However, it has resulted in the previously reported granted equity reserve of £2,230,849 being transferred to the profit and loss reserve as well as recognising income of £10,000 for the year ended 31 March 2015 which was previously recognised directly in the granted equity reserve.
- 2 The transition to FRS 102 has not otherwise materially affected equity or profit and loss. The remaining adjustments reflected above and throughout the financial statements were identified by the directors during the transition process as being more appropriate classification of certain items in the financial statements.