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The Big Issue Group Limited

Report and Financial Statements

Year Ended

31 March 2017

Company Number 06771432

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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)

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The Big Issue Group Limited

(A Company Limited by Guarantee)

Group Strategic Report for the Year Ended 31 March 2017

Business review

The Big Issue Group had a successful year of trading with profits generated for future reinvestment in the mission of "dismantling poverty by creating opportunity, through self-help, social trading and business solutions".

The head office was successfully moved within the year and new IT infrastructure delivered across all companies to allow the delivery of growth and efficiency moving forward.

In publishing:

- The new TBI shop was launched, creating a platform for the sector to sell socially produced goods and extend their social echo.
- The 200 millionth copy of the magazine was sold.
- The magazine celebrated 25 years of supporting vendors on the street to earn a living and support them on their journey of moving their lives forward.

In Big Issue Invest:

- A new £5m impact loans fund was launched with Access Foundation providing loans of £150k and below to charities and social enterprises. £1.4m was disbursed in the first three months of operation.
- A second close of the Social Enterprise Investment Fund II was achieved in March 2017 bringing the committed capital to £22.4m. By the end of the financial year £6.3m of this capital had been committed for investment into Social enterprises.
- The Columbia Threadneedle UK Social Bond Fund reached £100m under management.
- Over 1 million tenants shared their rent data into the Rental Exchange.

Building in on this success a detailed plan was put in place for reinvesting profits in extending the reach and impact of the Big Issue Group. These plans include:

- Bringing our magazine production in house whilst creating new employment opportunities in our Glasgow office
- Investing in growth of the Big Issue Shop, enabling ourselves and other social enterprises to sell socially produced goods
- Engaging with new younger audiences in order to extend the reach of the magazine and its ability to engage and influence
- Launching a new early stage investment programme in Scotland
- Bringing together central services of finance and marketing
- Researching and developing our digital offer
- Further developing the rental exchange to tackle the poverty premium and give fairer access to affordable credit services to social and private renters
- Investing and developing our staff
- Extending the reach of social investment opportunity through developing retail market opportunities with large investment and fund managers.

The next 25 years will be concentrated on ensuring we work to prevent the causes of poverty across the UK. We will continue our direct delivery but also ensure through our work we are an enabler for others to engage and support this mission.

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

**Group Strategic Report (continued)
for the Year Ended 31 March 2017**

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.

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

Director

NIGEL KERSHAW

Date:

12/12/2017

The Big Issue Group Limited

(A Company Limited by Guarantee)

Directors' Report for the Year Ended 31 March 2017

The directors present their report and the financial statements for the year ended 31 March 2017.

Directors' responsibilities

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). 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 and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; 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 £530,344 (2016 - £348,102).

No dividend was paid during the year and the directors do not recommend payment of a dividend (2016 - £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 2017

Key performance indicators

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

	Turnover 2017 £	Turnover 2016 £	Profit/(loss) before tax 2017 £	Profit/(loss) before tax 2016 £
Publishing business	5,443,089	5,540,814	398,352	489,157
The Invest Group	1,836,697	1,506,695	40,051	(101,914)

The other main key performance indicator used by the group is its net cash position. At 31 March 2017, the group held net cash of £4,352,219 (2016 - £3,054,260).

Directors

The directors who served during the year were:

A J Bird
N Kershaw
P Bird
K M Riches (appointed 21 June 2016)

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 2017

Auditors

The auditors, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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

Director


NIGEL KERSTMAN

Date:

12/12/2017

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 2017, 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).

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 2017 and of its 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, based on the work undertaken in the course of the audit:

- the information given in the strategic report and directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report has been prepared in accordance with applicable legal requirements

**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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors report.

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; or

BDO LLP

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

Date: *12 December 2017*

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 2017

	Note	2017 £	2016 £
Turnover	4	7,279,786	7,047,509
Cost of sales		(1,185,606)	(1,338,222)
Gross profit		6,094,180	5,709,287
Distribution costs		(1,631)	(16,371)
Administrative expenses		(5,458,835)	(5,298,403)
Other operating income	5	-	107,375
Operating profit	6	633,714	501,888
Interest receivable and similar income		2,561	2,829
Interest payable and similar charges	10	(197,872)	(127,433)
Profit before taxation		438,403	377,284
Tax on profit	11	91,941	(29,182)
Profit for the financial year and total comprehensive income		530,344	348,102

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 2017

	Note	2017 £	2016 £
Fixed assets			
Tangible assets	12	222,965	208,312
Investments	13	9,751,672	7,989,966
		<u>9,974,637</u>	<u>8,198,278</u>
Current assets			
Stocks	14	10,241	25,181
Debtors: amounts falling due within one year	15	928,091	667,223
Cash and cash equivalents	16	4,352,219	3,054,260
		<u>5,290,551</u>	<u>3,746,664</u>
Creditors: amounts falling due within one year	17	(2,003,283)	(1,550,766)
Net current assets		<u>3,287,268</u>	<u>2,195,898</u>
Total assets less current liabilities		<u>13,261,905</u>	<u>10,394,176</u>
Creditors: amounts falling due after more than one year	18	(10,765,137)	(8,427,104)
Provisions for liabilities			
Deferred taxation	20	-	(648)
Net assets		<u>2,496,768</u>	<u>1,966,424</u>
Capital and reserves			
Merger reserve	21	3	3
Profit and loss account	21	2,496,765	1,966,421
		<u>2,496,768</u>	<u>1,966,424</u>

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

Director

Date:

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 2017

	Note	2017 £	2016 £
Fixed assets			
Investments	13	3	3
Creditors: amounts falling due within one year	17	(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	21	1	1
		<u>1</u>	<u>1</u>

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 company for the year was £nil (2016 - £Nil).

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

.....
Director

Date:

12/12/2017

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 Changes in Equity
for the Year Ended 31 March 2017

	Merger reserve	Profit and loss account	Total equity
	£	£	£
At 1 April 2016	3	1,966,421	1,966,424
Comprehensive income for the year			
Profit for the year	-	530,344	530,344
At 31 March 2017	3	2,496,765	2,496,768

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	3	1,966,421	1,966,424

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 2017

	Profit and loss account	Total equity
	£	£
At 1 April 2016	1	1
Comprehensive income for the year		
Result for the year	-	-
At 31 March 2017	1	1

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
Comprehensive income for the year		
Profit for the year	-	-
At 31 March 2016	1	1

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

The Big Issue Group Limited
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Consolidated Statement of Cash Flows
for the Year Ended 31 March 2017

	2017 £	2016 £
Cash flows from operating activities		
Profit for the financial year	530,344	348,102
Adjustments for:		
Depreciation of tangible assets	41,537	28,049
Reversal of impairment charge on fixed asset investments	(87,642)	(146,613)
(Profit)/loss on disposal of tangible assets	(250)	40,007
Income from other investments	(501,255)	(345,590)
Interest credited to the income statement	197,872	127,433
Interest charged to the income statement	(2,561)	(2,829)
Taxation charged to the income statement	(91,941)	29,182
Decrease/(increase) in stocks	14,940	(2,583)
Decrease/(increase) in debtors	89,031	(156,216)
Decrease in creditors	(75,614)	(1,214,931)
Increase/(decrease) in provisions	-	(68,567)
Corporation tax paid	(35,514)	-
Release of deferred grants	-	(29,009)
Net cash generated from/(used in) operating activities	78,947	(1,393,565)
Cash flows from investing activities		
Purchase of tangible fixed assets	(57,934)	(202,794)
Sale of tangible fixed assets	1,994	15,933
Interest received	2,561	2,829
Income from other investments	501,255	345,590
Loan investments granted	(2,790,724)	(3,100,483)
Loan investments repaid	1,116,660	-
Net cash used in investing activities	(1,226,188)	(2,938,925)

The Big Issue Group Limited
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Consolidated Statement of cash flows (continued)

Cash flows from financing activities

New secured loans	2,254,733	2,471,470
Other new loans	118,878	133,332
Interest paid	(197,872)	(127,433)
Grants received	269,461	2,088,527

Net cash generated from financing activities

2,445,200	4,565,896
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Net increase in cash and cash equivalents

1,297,959	233,406
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Cash and cash equivalents at beginning of year

3,054,260	2,820,854
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Cash and cash equivalents at the end of year

4,352,219	3,054,260
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Cash and cash equivalents at the end of year comprise:

Cash at bank and in hand	4,352,219	3,054,260
	4,352,219	3,054,260

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 2017

1. General information

The Big Issue Group Limited is a private limited company incorporated in England & Wales under the Companies Act. The company is limited by guarantee, having no share capital. Each member of the company has undertaken to contribute an amount not exceeding £1 towards any deficit in the event of the company being placed in liquidation. The directors have no beneficial interest in the company or its activities. The address of the registered office is given on the company information 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.

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 judgement in applying the company's accounting policies (see note 3).

The following principal accounting policies have been applied:

The Big Issue Group Limited

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Notes to the Financial Statements for the Year Ended 31 March 2017

2. Accounting policies (continued)

2.2 Basis of consolidation

The consolidated financial statements present the results of the company 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 social investment fund limited partnerships, details of which are given in note 13 of the financial statements.

The group consolidates its attributable proportion of the assets and income of the Social Enterprise Investment Funds which it manages as General Partners on the basis that the General Partners control the Social Enterprise Investment Funds.

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 2017

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

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Notes to the Financial Statements for the Year Ended 31 March 2017

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
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Notes to the Financial Statements
for the Year Ended 31 March 2017

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 2017

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 2017

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 12)**
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 a 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 13) and loan interest receivable (see note 15)**
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 2017 is £77,245 (2016 - £164,887).

4. Turnover

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

	2017 £	2016 £
Magazine sales	4,664,706	4,601,295
Advertising	778,383	847,269
Investment	546,366	857,306
Other income	709,344	380,661
Management fees	79,732	15,388
Income from other investments	501,255	345,590
	7,279,786	7,047,509

All turnover arose within the United Kingdom.

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Notes to the Financial Statements
for the Year Ended 31 March 2017

5. Other operating income

	2017	2016
	£	£
Welsh assembly grant received	-	78,366
Release of deferred grants	-	29,009
	<u>-</u>	<u>107,375</u>

Other operating income in the prior year 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

The operating profit is stated after charging:

	2017	2016
	£	£
Depreciation of tangible fixed assets	41,537	28,049
Other operating lease rentals	224,408	216,132
(Profit)/loss on sale of assets	(250)	40,007

7. Auditors' remuneration

	2017	2016
	£	£
Fees payable to the group's auditor and its associates for the audit of the group's annual accounts	61,469	56,500
Fees payable to the group's auditor and its associates in respect of:		
Other services relating to taxation	20,900	18,000
All other services	17,395	9,750

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Notes to the Financial Statements
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8. Employees

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

	2017 £	2016 £
Wages and salaries	3,075,310	2,862,272
Social security costs	283,969	249,507
Cost of defined contribution scheme	13,828	11,875
	<u>3,373,107</u>	<u>3,123,654</u>

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

	2017 No.	2016 No.
	<u>96</u>	<u>99</u>

9. Directors' remuneration

	2017 £	2016 £
Directors' emoluments	248,385	225,367
Company contributions to defined contribution pension schemes	1,279	1,251
	<u>249,664</u>	<u>226,618</u>

During the year retirement benefits were accruing to 3 directors (2016 - 3) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £113,870 (2016 - £95,044).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £555 (2016 - £520).

10. Interest payable and similar charges

	2017 £	2016 £
Bank interest payable	<u>197,872</u>	<u>127,433</u>

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Notes to the Financial Statements
for the Year Ended 31 March 2017

11. Taxation

	2017 £	2016 £
Corporation tax		
Current tax on profits for the year	34,878	29,461
Adjustments in respect of previous periods	(4,745)	-
Total current tax	<u>30,133</u>	<u>29,461</u>
Deferred tax		
Origination and reversal of timing differences	(122,010)	(279)
Changes to tax rates	3	-
Adjustments in respect of prior periods	(67)	-
Total deferred tax	<u>(122,074)</u>	<u>(279)</u>
Taxation on profit on ordinary activities	<u>(91,941)</u>	<u>29,182</u>

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Notes to the Financial Statements
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11. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2016 - lower than) the standard rate of corporation tax in the UK of 20% (2016 - 20%). The differences are explained below:

	2017 £	2016 £
Profit on ordinary activities before tax	<u>438,403</u>	<u>377,284</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2016 - 20%)	87,681	75,457
Effects of:		
Fixed asset differences	860	991
Expenses not deductible for tax purposes	(22,047)	3,674
Adjustments to tax charge in respect of prior periods	(4,745)	(279)
Short term timing difference leading to an increase (decrease) in taxation	1,868	-
Non-taxable income	(12,605)	(88,957)
Other tax adjustments, reliefs and transfers	35,524	67,500
Change in tax rate	-	149
Group relief	1,955	-
Deferred tax not recognised	(180,432)	(29,353)
Total tax charge/(credit) for the year	<u>(91,941)</u>	<u>29,182</u>

A deferred tax asset relating to taxable losses of £124,602 (2016 - £182,491) has not been recognised.

The UK corporation tax rate was 20% from 1 April 2016 and this has been reflected in the accounts. Further changes to UK Corporation tax rates were announced in the Chancellor's Budget on 8 March 2017. These include reductions to the main rate to 19% from 1 April 2017 and 17% for 1 April 2020. As these changes had not been substantially enacted at the statement of financial position date, their effects are not included in the financial statements.

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Notes to the Financial Statements
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12. Tangible fixed assets

Group

	Leasehold improvements £	Motor vehicles £	Furniture, fittings and equipment £	Total £
Cost or valuation				
At 1 April 2016	168,143	24,865	172,798	365,806
Additions	1,800	-	56,134	57,934
Disposals	(942)	(13,995)	(61,907)	(76,844)
At 31 March 2017	<u>169,001</u>	<u>10,870</u>	<u>167,025</u>	<u>346,896</u>
Depreciation				
At 1 April 2016	6,699	23,466	127,329	157,494
Charge for the year	17,305	1,399	22,833	41,537
Disposals	(556)	(13,995)	(60,549)	(75,100)
At 31 March 2017	<u>23,448</u>	<u>10,870</u>	<u>89,613</u>	<u>123,931</u>
Net book value				
At 31 March 2017	<u>145,553</u>	<u>-</u>	<u>77,412</u>	<u>222,965</u>
At 31 March 2016	<u>161,444</u>	<u>1,399</u>	<u>45,469</u>	<u>208,312</u>

The company had no tangible fixed assets.

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Notes to the Financial Statements
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13. Fixed asset investments

Group

	Loan stock £
Cost or valuation	
At 1 April 2016	8,154,853
Additions	2,790,724
Disposals	(1,116,660)
At 31 March 2017	<u>9,828,917</u>
Impairment	
At 1 April 2016	164,887
Charge for the period	8,358
Impairment on disposals	(96,000)
At 31 March 2017	<u>77,245</u>
Net book value	
At 31 March 2017	<u><u>9,751,672</u></u>
At 31 March 2016	<u><u>7,989,966</u></u>

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

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Notes to the Financial Statements for the Year Ended 31 March 2017

13. 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	England and Wales	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
Big Issue Access	England and Wales	Ordinary	100 %	Fund management
Big Issue Invest Scotland Limited	England and Wales	Ordinary	100 %	Dormant

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

All entities have the same registered office address as the company (see company information page).

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Notes to the Financial Statements
for the Year Ended 31 March 2017

13. Fixed asset investments (continued)

Company

	Investments in subsidiary companies £
Cost or valuation	
At 1 April 2016	3
	<hr/>
At 31 March 2017	3
	<hr/>
Net book value	
At 31 March 2017	3
	<hr/>
At 31 March 2016	3
	<hr/>

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

The current year balance is £3 (2016 - £3).

14. Stocks

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Paper stock	10,241	25,181	-	-
	<hr/>	<hr/>	<hr/>	<hr/>

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

The Big Issue Group Limited
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Notes to the Financial Statements
for the Year Ended 31 March 2017

15. Debtors

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Trade debtors	273,945	299,401	-	-
Other debtors	106,894	209,321	-	-
Prepayments and accrued income	114,001	158,501	-	-
Tax recoverable	215,986	-	-	-
Deferred taxation	121,426	-	-	-
Loan interest receivable	95,839	-	-	-
	<u>928,091</u>	<u>667,223</u>	<u>-</u>	<u>-</u>

16. Cash and cash equivalents

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Cash at bank and in hand	4,352,219	3,054,260	-	-

Of the cash at bank and in hand for the Group at year-end, £2,210,482 (2016 - £1,124,251) is committed for use in lending to social impact organisations.

17. Creditors: Amounts falling due within one year

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Bank loans	970,201	665,162	-	-
Trade creditors	189,789	333,687	-	-
Amounts owed to SEIF funds	215,986	-	-	-
Corporation tax	42,673	35,567	-	-
Other taxation and social security	47,088	32,817	-	-
Other creditors	129,129	110,156	2	2
Accruals and deferred income	408,417	373,377	-	-
	<u>2,003,283</u>	<u>1,550,766</u>	<u>2</u>	<u>2</u>

The Big Issue Group Limited
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Notes to the Financial Statements
for the Year Ended 31 March 2017

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

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Bank loans	5,644,487	4,688,393	-	-
Other loans	635,543	516,665	-	-
Other creditors	993,600	-	-	-
Deferred grants	3,491,507	3,222,046	-	-
	<u>10,765,137</u>	<u>8,427,104</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 2017 the Group had 4 loans outstanding (2016 - 6). Bank loans of £0.97m (2016 - £0.3m) reach final maturity in 2017 and attract an interest rate of between 0% and 6.25%. Other bank loans of £5.7m (2016 - £4.7m) reach final maturity between 2019 and 2024 and attract an interest rate of 0%. Bank loan instalment repayments of £0.35m (2016 - £0.24m) 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.

19. Financial instruments

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Financial assets				
Financial assets that are debt instruments measured at amortised cost	14,649,963	11,515,909	-	-
	<u>14,649,963</u>	<u>11,515,909</u>	<u>-</u>	<u>-</u>
Financial liabilities				
Financial liabilities measured at amortised cost	9,145,798	(6,613,796)	(2)	(2)
	<u>9,145,798</u>	<u>(6,613,796)</u>	<u>(2)</u>	<u>(2)</u>

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

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

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Notes to the Financial Statements
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20. Deferred taxation

Group

	2017 £	2016 £
At beginning of year	(648)	(927)
Charged to profit or loss	122,074	279
At end of year	121,426	(648)

	Group 2017 £	Group 2016 £
Accelerated capital allowances	5,117	(648)
Short term timing differences	6,494	-
Tax losses carried forward and other deductions	109,815	-
	121,426	(648)

21. Reserves

Profit and loss account

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

22. 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 2017, the company had 2 members, A J Bird and N Kershaw (2016 - 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.

The Big Issue Group Limited

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Notes to the Financial Statements for the Year Ended 31 March 2017

23. 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 £13,828 (2016 - £11,875). Contributions totalling £3,322 (2016 - £328) were payable to the fund at the reporting date and are included in creditors.

24. Commitments under operating leases

At 31 March 2017 the group had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2017 £	Group 2016 £
Not later than 1 year	194,166	199,166
Later than 1 year and not later than 5 years	491,910	608,868
Later than 5 years	160,900	219,522

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

25. 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 company received management fees of £15,000 (2016: £64,206) and reversed a provision of £65,000 on behalf of its corporate member company The Social Enterprise Loan Fund. At the year end Big Issue Invest Limited owed The Social Enterprise Fund £15,745 (2016: The Social Enterprise Fund owed Big Issue Invest Limited £80,990).

The group recharged expenses to a connected entity, The Big Issue Foundation, during the year of £182,016 (2016 - £169,590). The amount outstanding at the year end is £400 (2016 - £21,615).

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. £163,391 (2016 - £188,478) was received from Social Enterprise Investment Fund I LP and £402,596 (2016 - £157,112) 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 (2016 - £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 £249,664 (2016 - £252,274).

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26. Controlling party

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