

**The Big Issue Invest Trust**  
(A Company Limited by Guarantee)

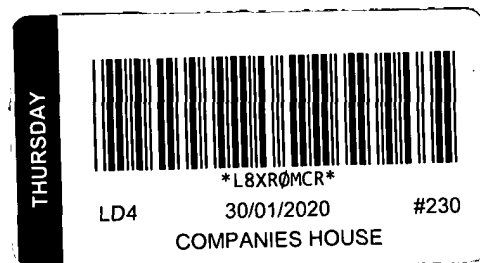
Report and Financial Statements

Year Ended

31 March 2019

Company Registration No. 02995859  
(England and Wales)

Charity Registration No. 1042514  
(England and Wales)



# **The Big Issue Invest Trust**

**Report and financial statements  
for the year ended 31 March 2019**

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## **Trustees**

Parveen Bird  
Roger Hooley  
John Ilingworth (Resigned 9 August 2018)  
Mohamed Omer  
Edward Siegel (Resigned 9 August 2018)  
Pyarali Jamal (Resigned 26 June 2018)

## **Company registration number**

02995859

## **Charity registration number**

1042514

## **Registered office**

113-115 Fonthill Road, London, N4 3HH

## **Bankers**

National Westminster Bank plc, 63 Piccadilly, London, W1A 2AG  
Barclays Bank plc, Percy Street Branch, Newcastle upon Tyne, NE1 4QL  
The Co-operative Bank plc, 1 Balloon Street, Manchester, M60 4EP  
Unity Trust Bank, 9 Brindley Place, Birmingham, B1 2HB

## **Solicitors**

Squire Sanders, Solicitors, Trinity Court, 16 John Dalton Street, Manchester, M60 8H8

## **Auditors**

BDO LLP, 55 Baker Street, London, W1U 7EU

# The Big Issue Invest Trust

## Trustees' report for the year ended 31 March 2019

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Parveen Bird	Parveen is a Director on The Big Issue Group Board, Big Issue Invest (BII) Board, Big Issue Fund Management Board and Big Issue Foundation Board. Her role is to ensure mission alignment and ensure we continue to provide a hand-up to those who need it at the point of need. Parveen has worked in various roles in the Publishing division at The Big issue over the last ten years. Prior to that she spent ten years working at the BBC and GMTV as a Broadcast Journalist.
Roger Hooley	After a long banking career and five years as Senior Commercial Lending Manager at West Bromwich Building Society, Roger is now a Head of In-Life Portfolio Management at Aldermore Bank. Roger joined the Big Issue Invest Trust (BIIT) Board in 2010 and is Head of the joint Credit Committee for the Big Issue Invest Trust and BII Boards.
John Illingworth (resigned 9 August 2018)	John was Deputy Chief Executive of the Goodwin Development Trust, a major social enterprise based in Hull and is now an independent consultant. John joined the Board in 2006.
Edward Siegel (resigned 9 August 2018)	Ed has over 30 years of corporate banking, social investment and business consulting experience. He spent the early part of his career in commercial banking, mainly with Credit Suisse. Before joining BII in 2008. Ed was head of the Small Business Banking practice of ShoreBank International (now known as Enclude) where he oversaw the implementation of SME finance programmes and advised financial institutions throughout the developing world.
Mohamed Omer	<p>Mohamed is Financial Director of Intellicomm Solutions and also Board Member-External Affairs. Gardens of Peace Muslim Cemetery Trust, the largest dedicated Muslim Cemetery in the UK.</p> <p>Mohamed is a Chartered Accountant and has been on the BIIT Board since 2009.</p>

# The Big Issue Invest Trust

## Trustees' report for the year ended 31 March 2019 (*continued*)

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Welcome to the 2019 Trustees' Report for The Big Issue Invest Trust (BIIT). Our Report has been in accordance with the Statement of Recommended Practice, SORP 2015 and Companies Act 2006.

The Big Issue Invest Trust was established in 1994 (originally called the Local Investment Fund and subsequently called The Social Enterprise Loan Fund) and is a Social Investment Financial Intermediary ("SIFI").

BIIT provides grants to sustainable charities and social enterprises in some of the most deprived areas of the UK which cannot otherwise raise financing from high street lenders. Over the past months we have provided £180k of grants to social enterprises to encourage the development of social trading. We have disbursed a further £55k and committed a further £100k, including £75k to an early stage investment program based in the Midlands.

We are confident that our grant program which focuses on development assistance will demonstrably help social enterprises and charities to deliver social impact and we hope to raise further funding to deliver similar grant programs.

I would like to thank my fellow Trustees, the BII Board and staff for their hard work and dedication. On behalf of everyone at BIIT, I would like to thank our various partners, especially our previous and current banking partners, funders, and investees for their ongoing support.

Sincerely

P Bird  
Chair



Date

# The Big Issue Invest Trust

## Trustees' report for the year ended 31 March 2019 (continued)

### Objectives and Activities

The Objectives of the Charity are to promote charitable purposes by the provision of grants and other assistance. Our grantees are charities and social enterprises with charitable purposes, who find it difficult to borrow money from the main high street lenders. We consider grant requests from charities and social enterprises throughout England but we concentrate our efforts onto organisations which have a high social impact on their communities because they are based in the 25% most deprived wards and boroughs in England.

When planning the Institute's activities for the year, the Trustees have considered the Charity Commission guidance on public benefit. In compiling this report, the Trustees have paid due regard to relevant guidance in deciding which activities the charity should undertake and report on

In the year ending March 2019, the Charity has made 12 grants totalling £180,000 to organisations that were unable to take social investment. A summary of activity is set out in the table below:

Grantee	Amount	Region	Purpose/Use of grant
Collage Arts	20,000	London	Conversion of post office building into retail space to encourage isolated women from refugee communities to sell goods / interact
Babies with Love	15,000	London	To diversify income by hiring partnerships director, pay for marketing campaign and pay for exhibit space at HR conference.
Positive Support for You	25,000	North East	To cover central costs to enable contract fulfilment
Campus Skate Parks	5,000	South West	Refurbishment of premises to enable hot desking (and diversify income)
Running Deer	17,500	South West	To backfill CEO's time so that she can focus on exploring new avenues of revenue
Impact Hub	20,000	West Midlands	Working Capital to bridge grant income
Aspergers Community Ltd	10,000	East of England	Financial modelling and back fill of CEO time
Social Enterprise Academy	20,000	London	A leadership course for 24 social enterprises.
A Place To Call Out Own	15,000	East Midlands	Six months salary of Director of Education, Training and Development
Hatch Enterprise	17,500	London	Employ Community Engagement Manager for 6 months
Habitat for Humanity	9,000	London	An additional individual to support Senior Management Team.
Aerende	6,000	East of England	Implement marketing plan to grow the business

# **The Big Issue Invest Trust**

## **Trustees' report for the year ended 31 March 2019 (continued)**

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### **Going concern**

As at the date of approval of these financial statements, the Trustees are of the opinion that the going concern basis of preparation of the financial statements of the charitable company is appropriate.

In reaching this opinion the Trustees have considered that all long term debts have been repaid and the Trustees have determined there are sufficient cash flows to meet all current debts as they fall due.

### **Fundraising Activities**

Section 162a of the Charities Act 2011 requires charities to make a statement regarding fundraising activities. Although we do not undertake direct fundraising from the general public, the legislation defines fundraising as "soliciting or otherwise procuring money or other property for charitable purposes." We have received no such income during the year.

### **Governance and decision making**

The Big Issue Invest Trust is a company limited by guarantee that was incorporated in November 1994.

### **Decision making processes**

The Big Issue Invest Trust Board of Trustees meets quarterly. Its key functions include:

1. Reviewing and guiding BIIT's corporate strategy, major plans of action, risk policy, annual budget and business plans; setting performance objectives; monitoring implementation and corporate performance; and overseeing major capital expenditures, acquisitions and divestitures.
2. Monitoring and managing potential conflicts of interest of management, Trustees and stakeholders, including misuse of corporate assets and abuse in related party transactions.
3. Ensuring the integrity of BIIT's accounting and financial reporting systems, including the independent audit, and that appropriate systems of control are in place, particularly systems for monitoring risk, financial control and compliance with the law.
4. Monitoring the effectiveness of the governance practices under which BIIT operates and making changes as needed and ensuring a formal and transparent Trustee nomination process.
5. Overseeing the process of disclosure and communication.

### **Trustees and their interests**

The Trustees who also serve as Board Directors during the year and up to the date of signing the financial statements were:

Parveen Bird  
Roger Hooley  
Mohamed Omer

None of the Trustees have any beneficial interest in the company. Big Issue Invest Limited is the sole corporate member of the Charity and has agreed to contribute £1 in the event of the charity being wound up.

None of the Trustees have any beneficial interest in the organisations that receive loan or grant funding from The Big Issue Invest Trust.

# The Big Issue Invest Trust

## Trustees' report for the year ended 31 March 2019 (*continued*)

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### Recruitment, induction & training of Trustees

It is our clear policy that the BIIT Board of Trustees will have a suitable combination of experience and leadership necessary to support the effective provision of loan finance to charities and social enterprises. In particular we need individuals with experience in:

- Banking.
- Financial and risk management.
- Commercial law.
- Marketing.
- Social Enterprises.
- Potential sources of new funds.

In addition, we endeavour to have an appropriate mix of gender, ethnic, and regional representation on the board to strengthen our ability to best understand relevant issues, and to identify and adopt suitable strategic responses. Big Issue Invest has the right to appoint up to four Trustees and another three are people who are independent of Big Issue Invest. Trustees who are employees of Big Issue Invest may continue in post until they end that employment. All other Trustees are appointed for a fixed three year term and may serve no more than three consecutive three year terms.

If we needed to recruit a new trustee to the Board, we would:

- Review what skills / expertise we most needed to recruit;
- Draw up a "Job Description";
- Consider advertising the role using trustee brokerage services;
- Broaden the diversity of the Board so long as that is consistent with obtaining the right skills;
- Undertake appropriate background checks; and
- Ensure there are no legal or technical barriers to the appointment of the preferred individual.

Having selected the best individual, our induction and training process have actually included:

- Providing copies of our governing document (M&AA) and Policies & Procedures Manual;
- Providing our latest Audited and Management Financial Statements;
- Providing our current Plan;
- Providing Minutes of recent Board Meetings;
- Providing relevant Charity Commission publications including "The essential Trustee - what you need to know"; and
- Arranging a familiarisation programme

### Financial review

The only activity of the Charity is providing financial support to and investments in social enterprises.

Income for the year was £7,092 (2018 - £52,506) and expenditure totalled £206,586 (2018 - £91,854).

We ensure that our resources are closely focused onto looking after our existing clients and finding new organisations that need our support.

Despite the challenges of the current economic environment, our financial position is sound.

We have taken a prudent approach to raising bad debt provisions when a loan is considered doubtful.

The 2019 financial statements have been drawn up for the year ended 31 March 2019.

# The Big Issue Invest Trust

## Trustees' report for the year ended 31 March 2019 (*continued*)

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### Related parties

Big Issue Invest Trust has entered into a management services agreement with Big Issue Invest (BII) under which BII carry out the day to day activities of the Charity. In the year to 31 March 2019, The Charity paid BII £21,000 (2018 - £48,000) under this arrangement. The terms of the management services agreement including the annual budget are reviewed each year by three Trustees with no link to BII.

### Risk review

The major risks, to which the charity is exposed, as identified by the Trustees, have been reviewed and systems or procedures have been established to manage those risks.

### Reserves policy

BIIT's Unrestricted Funds include funds which have been loaned to enterprises and are expected to be repaid. BIIT also needs Unrestricted Funds to cover the management and administration costs without which the Charity could not function. Any "surplus" reserves will be invested in financially viable Social Enterprises as soon as possible. The Trustees consider it prudent that Unrestricted Reserves should be sufficient to:

1. Continue to fund the loans that have already been drawn down or irrevocably committed, until such time as they are repaid;
2. Meet any new applications for funding support from regional funds that have been specifically designated for those regions by the Trustees; and
3. To cover one year's management and administration costs, net of expected investment income and discretionary expenditure.

The Trustees review the appropriateness of this policy annually.

At 31 March 2019, the level of Unrestricted Reserves required under this policy would have amounted to £26,586 (2018 - £91,854). The actual level of Unrestricted Reserves as at that date was £332,624 (2018 - £434,877). The trustees expect that reserves not expended on operating costs will be used to provide loans and grants to sustainable social enterprises and charities.

### Investment policy

The Trustees have considered the requirements and purpose of the charity and consider it appropriate for the funds to be held as cash and / or short term instruments with banks approved by the Trustees. Changes to this investment policy would be decided upon by the Board of Trustees.

### Funding


The Trustees are satisfied that the Charitable Company's assets are available and adequate to fulfil its obligations.

### Community Loan Fund Limited

The Community Loan Fund Limited is a dormant company of which The Big Issue Trust is the sole Member. It has not traded since incorporation and does not have any assets or liabilities.

### By order of the Board of Trustees

Parveen Bird  
Chair



Date: 18/12/19



# **The Big Issue Invest Trust**

## **Trustees' responsibilities for the year ended 31 March 2019**

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The Trustees are responsible for preparing the Trustees Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Trustees 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 charity and of the incoming resources and application of resources, including the income and expenditure, of the Charity for that period.

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

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

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

# **The Big Issue Invest Trust**

## **Independent auditor's report to the Trustees of Big issue Invest Trust**

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### **Opinion**

We have audited the financial statements of Big Issue Invest Trust ("the Charitable Company") for the year ended 31 March 2019 which comprise the Statement of financial activities, the Balance sheet and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Charitable Company's affairs as at 31 March 2019 and of its incoming resources and application of resources 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.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Charitable Company in accordance with the ethical requirements relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions related to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Charitable Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

# **The Big Issue Invest Trust**

## **Independent auditor's report to the Trustees of Big issue Invest Trust (continued)**

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### **Other information**

The other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. The other information comprises the Report of the Trustees. The Trustees are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information we are required to report that fact.

We have nothing to report in this regard.

### **Opinions 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 Trustees' Report, which includes the Directors' Report prepared for the purposes of Company Law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report, which is included in the Trustees' Report, has been prepared in accordance with applicable legal requirements.

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

In the light of the knowledge and understanding of the Charitable Company and its environment obtained in the course of the audit we have not identified material misstatements in the Trustee's report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

# The Big Issue Invest Trust

## Independent auditor's report to the Trustees of Big issue Invest Trust (continued)

### Responsibilities of Trustees

As explained more fully in the Trustees' responsibilities statement, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Charitable Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Charitable Company or to cease operations or have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under the Companies Act 2006 and report in accordance with the Act and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if individually or in the aggregate they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's ("FRC's") website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### Use of our report

This report is made solely to the Charitable 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 Charitable 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 Charitable Company and the Charitable Company's members as a body for our audit work for this report or for the opinions we have formed.

BDO LLP

**Fiona Condron** (Senior Statutory Auditor)  
For and on behalf of BDO LLP, statutory auditor  
London

Date: 28 January 2020

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

# The Big Issue Invest Trust

## Statement of financial activities (incorporating the income and expenditure account) for the year ended 31 March 2019

	Note	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
<b>Income from:</b>					
Investments	3	77	-	77	510
Charitable activities	4	7,015	-	7,015	30,664
Transfer of Loan Assets	4	-	-	-	21,332
<b>Total income</b>		<b>7,092</b>	<b>-</b>	<b>7,092</b>	<b>52,506</b>
<b>Expenditure on:</b>					
Charitable activities	5	(171,586)	(35,000)	(206,586)	(91,854)
<b>Total expenditure</b>		<b>(171,586)</b>	<b>(35,000)</b>	<b>(206,586)</b>	<b>(91,854)</b>
<b>Net (expenditure)</b>		<b>(164,494)</b>	<b>(35,000)</b>	<b>(199,494)</b>	<b>(39,348)</b>
Transfers between funds	10,11	62,241	(62,241)	-	-
<b>Net movements in funds</b>		<b>(102,253)</b>	<b>(97,241)</b>	<b>(199,494)</b>	<b>(39,348)</b>
Balance brought forward at 1 April 2018	10,11	434,877	247,538	682,415	721,763
<b>Balance carried forward at 31 March 2019</b>	<b>10,11</b>	<b>332,624</b>	<b>150,297</b>	<b>482,921</b>	<b>682,415</b>

£7,092 of income relates to continuing activities (2018 - £31,174). £Nil relates to discontinued activities (2018 – £21,332).

All gains and losses recognised in the year are included above.

The notes on pages 13 to 21 form part of these financial statements.

# The Big Issue Invest Trust

Balance sheet  
as at 31 March 2019

**Company Registration**  
**No. 2995859 (England & Wales)**

	Note	2019 £	2019 £	2018 £	2018 £
<b>Fixed assets</b>					
Programme related investments	7		34,003		-
<b>Current assets</b>					
Programme related investments	7	28,614		203,429	
Debtors	8	129		35,765	
Cash and cash equivalents		435,764		477,986	
		<u>464,507</u>		<u>717,180</u>	
<b>Creditors: amounts falling due within one year</b>	9	(15,589)		(34,765)	
<b>Net current assets</b>			<u>448,918</u>		<u>682,415</u>
<b>Total assets less current liabilities</b>			<u>482,921</u>		<u>682,415</u>
<b>Creditors: amounts falling due after more than one year</b>			-		-
<b>Net assets</b>	12		<u><u>482,921</u></u>		<u><u>682,415</u></u>
<b>Financed by:</b>					
<b>Funds of the charity</b>					
Restricted funds	11		150,297		247,538
Unrestricted funds	10		332,624		434,877
			<u>482,921</u>		<u>682,415</u>

The financial statements have been prepared in accordance with the special provisions of the Companies Act 2008 relating to small companies.

Approved and authorised for issue on behalf of the Trustees on 18/12/19

P Bird  
Chair



The notes on pages 13 to 21 form part of these financial statements.

# The Big Issue Invest Trust

## Notes forming part of the financial statements for the year ended 31 March 2019

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### 1 Accounting policies

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

#### ***Basis of preparation***

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)) the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

As a small company, advantage has been taken of the FRS 102 exemption to present a statement of cash flows.

The Big Issue Invest Trust meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

The preparation of the financial statements in accordance with FRS 102 requires the Trustees to make judgements, estimates and assumptions that affect the application of policies and reported amounts in the financial statements. The areas involving a higher degree of judgement, or areas where assumptions or estimates were significant to the financial statements are disclosed in note 2.

#### ***Going concern***

As at the date of approval of these financial statements the Trustees are of the opinion that the going concern basis of preparation of the financial statements of the company is appropriate.

#### ***Programme Related Investment loans and Provision for Bad and Doubtful debts***

Investment loans are recognised in the accounts when funds are drawn by the client and interest on loans made is recognised on a receivable basis.

Specific provisions are made against loans when, as a result of regular appraisals of the assets it is considered that recovery is doubtful. The specific provision is deducted from the Programme Related Investment. Provisions made during the year, less amounts released, are charged to the Statement of Financial Activities. The Trustees also consider each year if it is appropriate to make an additional reserve against those loans that are known to be higher risk but have not yet reached the point where default is considered probable.

#### ***Grants Received***

All grants are credited to income on the earlier date of when they are received or when they are receivable, unless they relate to a specified future period, in which case they are deferred.

#### ***Investment Income***

Investment income, including associated tax recoveries, is recognised when receivable and is allocated against the fund that facilitated the investment.

# The Big Issue Invest Trust

## Notes forming part of the financial statements for the year ended 31 March 2019 (*continued*)

### 1 Accounting policies (*continued*)

#### ***Expenditure***

Expenditure and liabilities are recognised when a legal or constructive obligation exists to make payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. All expenditure is accounted for on an accruals basis.

- expenditure incurred directly to the fulfilment of the Charity's objectives (Charitable activities).
- expenditure on the governance infrastructure which allows the charity to operate and to generate the information required for public accountability. This includes the strategic planning processes that contributes to future development of the charity. (Governance costs - included within Expenditure on Charitable activities).

Within Governance Costs, staff costs are attributed based on an analysis of time spent on the various activities. Premises and sundry costs are allocated pro rata to staff time.

Items of expenditure involving more than one cost category are apportioned on an appropriate basis.

#### ***Fund Accounting***

Restricted funds are to be used for specific purposes laid down by the donor. Expenditure for those purposes is charged to the fund, together with a fair allocation of overheads, support costs and interest income.

Unrestricted funds are donations and other incoming resources received or generated for expenditure on the general objectives of the Charity.

Designated funds are unrestricted funds which have been designated for specific purposes by the Trustees. Transfers between unrestricted funds are made to reflect the level of investments in each fund and to cover expected expenditure.

#### ***Taxation***

The Charity is a registered charity and as such is entitled to certain tax exemptions on income and profits from investments, and surpluses on any trading activities carried out in the furtherance of the Charity's primary objectives, if these profits and surpluses are applied solely for charitable purposes.

#### ***Financial instruments***

##### Debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the income statement in other operating expenses.

##### Cash and cash equivalents

Cash and cash equivalents in the Charity's balance sheet consists of cash at bank, in hand, deposits and notice accounts with an original maturity of three months or less.



# **The Big Issue Invest Trust**

**Notes forming part of the financial statements  
for the year ended 31 March 2019 (*continued*)**

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## **2 Accounting estimates and judgements**

In preparing the financial statements, the Trustees are required to make estimates and judgements. The matters considered below are considered to be the most important in understanding the judgements that are involved in preparing the financial statements and the uncertainties that could impact the amounts reported in the results of operations, financial position and cash flows. Accounting policies are shown at note 1 to the financial statements.

### ***Cost allocation***

As per note 1, costs are allocated directly to charitable activities and services for beneficiaries which includes legal, operational and financing costs. Governance, premises and sundry costs are allocated to activity cost categories on a basis consistent with the use of staff resources. Items of expenditure involving more than one cost category are apportioned on an appropriate basis.

### ***Loan provision policy***

The loan portfolio is assessed annually to determine an appropriate level of bad debt provision using the below guideline for the different fund sources of loans.

#### Grant funding

Existing provisions are reversed to the extent that grant funding is available to absorb potential losses.

#### Non-grant funded loans

For any loans where BIIT is liable for any bad debts a specific provision is made on a case-by-case basis for each loan if the loan manager has any information to suggest that the client may default on some or all of the outstanding balance.

# The Big Issue Invest Trust

Notes forming part of the financial statements  
for the year ended 31 March 2019 (continued)

## 3 Income from investments

	General £	Restricted £	Total 2019 £	Total 2018 £
Bank interest	77	-	77	510

Previous year income all related to general funds.

## 4 Income from charitable activities

	General £	Restricted £	Total 2019 £	Total 2018 £
Loan interest	7,015	-	7,015	30,664
Profit from transfer of loans	-	-	-	21,332
	7,015	-	7,015	51,996

Previous year income all related to general funds.

During the year BIIT transferred £Nil (2018 - £260,539) of cash, £Nil (2018 - £186,785) of loan assets and £Nil (2018 - £455,871) of corresponding liabilities to Big Issue Invest. For which it received £Nil (2018 - £21,332) to compensate for loss of earnings.

## 5 Expenditure on charitable activities

	Direct charitable costs £	Governance costs £	Total 2019 £	Total 2018 £
Premises and operational	197,805	-	197,805	75,980
Interest expense and bank charges	1,330	-	1,330	3,014
Legal and other professional services	451	-	451	5,860
- Audit fee	-	7,000	7,000	7,000
<b>Total 2019</b>	<b>199,586</b>	<b>7,000</b>	<b>206,586</b>	<b>91,854</b>
<b>Total 2018</b>	<b>84,454</b>	<b>7,000</b>	<b>91,854</b>	

Included within the operational expense is £Nil (2018 - £50,000) of a grant paid to Big Issue Invest Corporate Social Venturing Limited - see note 15.

Included within the direct charitable costs of premises and operational activities are grants paid to institutions totalling £180,000. Further details of these grants are set out in the Trustees Report.

The expenditure for the year totalled £206,586 (2018 - £91,854) of which £171,586 was unrestricted general (2018 - £91,854) and £35,000 was restricted (2018 - £Nil).

# The Big Issue Invest Trust

Notes forming part of the financial statements  
for the year ended 31 March 2019 (*continued*)

## 6 Analysis of staff costs, Trustee remuneration and expenses, and the cost of key management personnel

No remuneration was paid to Trustees nor any persons connected with them in the year (2018 - £Nil).

Employee costs during the year were £Nil (2018 - £Nil).

The average monthly number of employees of the Charitable Company during the year was Nil (2018 - £Nil).

No employee earned £60,000 per annum or more in the current or preceding year.

Travel expenses of £Nil (2018 - £Nil) were incurred on behalf of the Board of Trustees. Reimbursed expenses do not form part of remuneration, and are subject to the normal processes of internal financial control.

Key management personnel of the group include Trustees, directors of the subsidiary and the senior management team. The total employee benefits to the key management personnel were £Nil (2018 - £Nil).

## 7 Programme related investments

	2019 £	2018 £
<i>Cost</i>		
At 1 April 2018	203,429	848,844
Repayments	(140,812)	(270,260)
Write off	-	(138,370)
Transfer to BII	-	(186,785)
Transfer to Grant	-	(50,000)
	<hr/>	<hr/>
At 31 March 2019	62,617	203,429
	<hr/>	<hr/>
<i>Provisions</i>		
At 1 April 2018	-	85,000
Charge for the year	-	(10,000)
Disposals	-	(75,000)
	<hr/>	<hr/>
At 31 March 2019	-	-
	<hr/>	<hr/>
<b>Net book amount at 31 March 2019</b>	<b>62,617</b>	<b>203,429</b>
	<hr/>	<hr/>

# The Big Issue Invest Trust

Notes forming part of the financial statements  
for the year ended 31 March 2019 (continued)

## 7 Programme related investments (continued)

Programme related investments are repayable in the following manner:

	2019 £	2018 £
<b>Within one year</b>	<b>28,614</b>	<b>203,429</b>
<b>Repayable after one year:</b>		
After one and within two years	28,614	-
After two and within five years	5,389	-
After five years	-	-
	<b>34,003</b>	<b>-</b>
<b>Total investments</b>	<b>62,617</b>	<b>203,429</b>

Programme related investments repayable within one year are included within current assets.

## 8 Debtors: amounts falling due within one year

	2019 £	2018 £
Other debtors	-	35,361
Prepayments, accrued income and loan interest receivables	129	404
	<b>129</b>	<b>35,765</b>

## 9 Creditors: amounts falling due within one year

	2019 £	2018 £
Bank loans and overdrafts	-	-
Amounts owed to related undertakings	8,589	15,803
Accruals and deferred income	7,000	18,963
	<b>15,589</b>	<b>34,756</b>

# The Big Issue Invest Trust

Notes forming part of the financial statements  
for the year ended 31 March 2019 (*continued*)

## 10 Unrestricted funds

General fund	At 1 April 2018 £	Transfers £	Income £	Expenditure £	At 31 March 2019 £
General fund	434,877	62,241	7,092	(171,586)	332,624

General fund	At 1 April 2017 £	Transfers £	Income £	Expenditure £	At 31 March 2018 £
General fund	435,724	38,501	52,506	(91,854)	434,877

## 11 Restricted funds

Community Loan Fund Advantage	At 1 April 2018 £	Transfers £	Income £	Expenditure £	At 31 March 2019 £
Community Loan Fund Advantage	247,538	(62,241)	-	(35,000)	150,297

Community Loan Fund Advantage	At 1 April 2017 £	Transfers £	Income £	Expenditure £	At 31 March 2018 £
Community Loan Fund Advantage	286,039	(38,501)	-	-	247,538

The purpose of each Community Loan Fund is to provide assistance in contributing to the regeneration of deprived areas of England.

The restricted Advantage grant contains a provision that allows BIIT to draw down from this to cover operating costs which effectively releases restricted reserves to un-restricted.

# The Big Issue Invest Trust

Notes forming part of the financial statements  
for the year ended 31 March 2019 (*continued*)

## 12 Analysis of net assets between funds

	Current assets £	Programme related investment £	Current liabilities £	Long term liabilities £	Net assets £
<b>As at 31 March 2019</b>					
General fund	285,596	62,617	(15,589)	-	332,624
<b>Total unrestricted funds</b>	<b>285,596</b>	<b>62,617</b>	<b>(15,589)</b>	<b>-</b>	<b>332,624</b>
<b>Restricted funds</b>					
Advantage	150,297	-	-	-	150,297
<b>Total restricted funds</b>	<b>150,297</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>150,297</b>
<b>Overall total</b>	<b>435,893</b>	<b>62,617</b>	<b>(15,589)</b>	<b>-</b>	<b>482,921</b>

## 12 Analysis of net assets between funds – prior year

	Current assets £	Programme related investment £	Current liabilities £	Long term liabilities £	Net assets £
<b>As at 31 March 2018</b>					
General fund	265,809	203,833	(34,765)	-	434,877
<b>Total unrestricted funds</b>	<b>265,809</b>	<b>203,833</b>	<b>(34,765)</b>	<b>-</b>	<b>434,877</b>
<b>Restricted funds</b>					
Advantage	247,538	-	-	-	247,538
<b>Total restricted funds</b>	<b>247,538</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>247,538</b>
<b>Overall total</b>	<b>513,347</b>	<b>203,833</b>	<b>(34,765)</b>	<b>-</b>	<b>682,415</b>

# **The Big Issue Invest Trust**

## **Notes forming part of the financial statements for the year ended 31 March 2019 (*continued*)**

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### **13 Grant payments**

The Big Issue invest Trust has converted a loan of £Nil (2018 - £50,000) to Big Issue Invest Corporate Social Venturing Limited into a grant during the year.

### **14 Liability of members**

The liability of members is limited. In the event of the Charitable Company being wound up during a member's period of membership or within a year afterwards an amount not exceeding £1 may be required from that member towards the payment of debts and liabilities of the company incurred before membership ceased. As at 31 March 2019 the Charitable Company had 1 member (2018 - 1), BII.

### **15 Related party transactions**

During the year the Charitable Company paid management fees of £21,000 (2018 - £48,000) to its corporate member company BII. At the year end the Charitable Company owed BII £8,589 (2018 - £15,803) and is owed £Nil (2018 - £35,361) from BII.

Also during the year BIIT transferred £Nil (2018 - £260,539) of cash, £Nil (2018 - £186,785) of loan assets and £Nil (2018 - £455,871) of corresponding liabilities to Big Issue Invest. For which it received £Nil (2018 - £21,332) to compensate for loss of loan interest income.

Furthermore, during the year Big Issue Invest Trust converted a loan it had issued to Big Issue Invest Corporate Social Venturing Limited of £Nil (2018 - £50,000) into a grant.