

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

Report and Financial Statements

Year Ended

31 March 2021

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 2021

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Trustees

Parveen Bird
Roger Hooley
Mohamed Omer
Lucy Findlay (appointed 8th April 2020)
Rebecca Perlman (appointed 24th April 2020) Chair
Timothy West (appointed 25th November 2020)
Robert Gilligan (appointed 25th November 2020)

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
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

Auditor

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

The Big Issue Invest Trust

Trustees' report for the year ended 31 March 2021

Parveen Bird	<p>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.</p>
Roger Hooley	<p>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.</p>
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>
Lucy Jane Findlay	<p>Lucy Findlay MBE has played a leading role in the UK social enterprise sector for the last 20 or so years. She is the founding Managing Director of Social Enterprise Mark CIC, the international social enterprise accreditation authority. Lucy is publicly recognised as a key player in the sector at an international level advocating on behalf of the need to maintain credible and ethical business standards.</p>
Rebecca Perlman	<p>Rebecca is a senior corporate and charity law specialist at leading global law firm, Herbert Smith Freehills. She is the founder and Co-Chair of the firm's impact investment and social finance practice – HSF Impact – which supports social entrepreneurs, impact investors and social finance intermediaries across the globe in fields such as education, energy, agribusiness, financial inclusion, climate change, consumer products, housing and healthcare.</p>
Timothy West	<p>Tim is the founder editor and CEO of Pioneers Post and mission-focused marketing and social innovation company The Fable Bureau. Tim is a trustee with ECT Charity and a director of Big Issue Invest, and has served on a number of national programmes, advisory groups and awards panels – including the Deloitte Social Innovation Pioneers, the awards panel for Un Ltd, and the UK social enterprise awards.</p>
Robert Gilligan	<p>John Gilligan has worked in the private equity and venture capital industry for over 30 years.</p> <p>He started his career in 1988 at 3i Group plc and was then a Corporate Finance Partner of Deloitte and latterly BDO for over twenty years. Since 2018 he has been the Director of the Oxford Said Finance Lab at Said Business School, University of Oxford. He is the author of four editions of "Private Equity Demystified" (OUP 2020) and is also a Visiting Professor at Imperial College Business school. He is an Investment Committee member of Big Issue Invest.</p>

The Big Issue Invest Trust

Trustees' report for the year ended 31 March 2021 (*continued*)

Welcome to the 2021 Trustees' Report for The Big Issue Invest Trust (BIIT). Our Report has been prepared under the requirements of the Companies Act 2006, and Statement of Recommended Practice (SORP 2nd Edition effective 1 January 2019) applicable to Charities preparing their accounts in accordance with Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

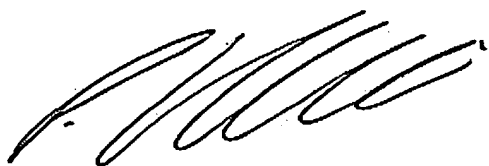
The Big Issue Invest Trust was established in 1994 (originally called the Local Investment Fund and subsequently called The Social Enterprise Loan Fund) and is a Social Investment Financial Intermediary ("SIFI").

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 year we have provided £479k of grants to social enterprises to encourage the development of social trading.

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 BIIT 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



Parveen Bird
Trustee

Date 27/01/2022

The Big Issue Invest Trust

Trustees' report for the year ended 31 March 2021 (*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.

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 2021, the Charity has made one grant to The Big Issue Company, totalling £479,000.

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 the impact of Covid-19 and concluded that all long term debts have been repaid and income has not been negatively impacted by the virus. 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. During the year £846,008 of grants and donations were received, of which £141,858 were from the general public.

The fundraising approach taken by Big Issue Invest Trust is to utilise the existing network of business corporations and high net worth individuals already known to the Big Issue Group. These fundraising activities were carried out exclusively by Big Issue Group employees.

All fundraising activities are in line with the standards mandated by the fundraising regulator.

During the year Big Issue Invest Trust received 0 complaints (2020 – 0) relating to its fundraising activities.

Governance and decision making

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

The Big Issue Invest Trust

Trustees' report for the year ended 31 March 2021 (continued)

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
Lucy Findlay (appointed 8th April 2020)
Rebecca Perlman (appointed 24th April 2020)
Timothy West (appointed 25th November 2020)
John Gilligan (appointed 25th November 2020)

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.

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.

The Big Issue Invest Trust

Trustees' report for the year ended 31 March 2021 (*continued*)

Recruitment, induction & training of Trustees (*continued*)

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 during the year ending March 2021 was providing financial support, investments and grants to social enterprises.

Income for the year was £847,508 (2020 - £3,475) and expenditure totalled £515,700 (2020 - £273,915).

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, the charity has sufficient cash on hand to meet all financial obligations for at least the next 12 months.

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

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 2021 the Charity paid BII £24,000 (2020 - £24,000) 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.

During the year Big Issue Invest Trust disbursed a grant of £Nil (2020: £75,000) to Big Issue Invest Corporate Social venturing to be used for investment purposes as part of the "Power Up Midlands" programme.

During the year Big Issue Invest Trust disbursed a grant of £Nil (2020: £20,000) to Big Issue Invest to be used for the purpose of issuing micro grants to social enterprises.

The Big Issue Invest Trust

Trustees' report for the year ended 31 March 2021 (continued)

Related parties (continued)

During the year Big Issue Invest Trust disbursed a grant of £479,000 (2020: £Nil) to The Big Issue Company. This grant is to be used for the following purposes:

- ensuring the survival of the Recipient during the period for which it continues to be materially affected by the COVID-19 pandemic; and
- supporting the Recipient's transition to a new trading model that will allow it to continue to relieve poverty in the long term.

Risk review

The major risk, to which the charity is exposed, is financial risk as identified by the Trustees, this has been reviewed and systems or procedures have been established to manage the risk.

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 2021, the level of Unrestricted Reserves required under this policy would have amounted to £36,700 (2020 - £47,915). The actual level of Unrestricted Reserves as at that date was £467,629 (2020 - £210,806). The trustees expect that reserves not expended on operating costs will be used to provide loans and grants to sustainable social enterprises and charities on an on-going basis.

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.

Grant making Policy

All grant applications are reviewed by the Trustees and assessed on their suitability and compatibility with the charities objectives. The full value of grants committed to by the Trustees is recognised in the Profit & Loss account at the point of contract completion.

Funding

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

The Big Issue Invest Trust

Trustees' report for the year ended 31 March 2021 (*continued*)

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.

Small companies note

In preparing this report, the Directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

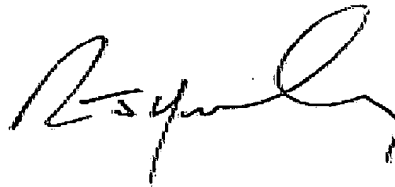
Auditors

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

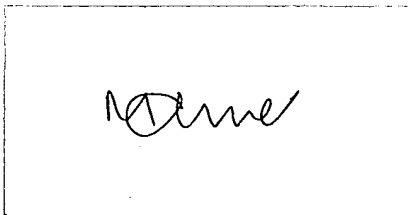
By order of the Board of Trustees on 27/01/2022



Parveen Bird
Trustee



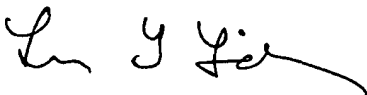
Roger Hooley
Trustee



Mohamed Omer
Trustee



Robert Gilligan
Trustee



Lucy Findlay
Trustee



Tim West
Trustee

The Big Issue Invest Trust

Trustees' responsibilities for the year ended 31 March 2021

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

Opinion on the financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of The Big Issue Invest Trust Charitable Company's affairs as at 31 March 2021 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.

We have audited the financial statements of The Big Issue Invest Trust ("the Charitable Company") for the year ended 31 March 2021 which comprise the statement of financial activities, the statement of financial position 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).

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain independent of the Charitable Company in accordance with the ethical requirements that are 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.

Conclusions related to going concern

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Charitable Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.

Other information

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

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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

The Big Issue Invest Trust

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

Other Companies Act 2006 reporting

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.

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 misstatement in the Trustees' 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 by the Charitable Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Charitable 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.

Responsibilities of Trustees

As explained more fully in the Trustee's 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.

The Big Issue Invest Trust

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

Auditor's responsibilities for the audit of the financial statements (continued)

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. No irregularities, including fraud were identified during the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it. We:

- Discussed with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud, read the minutes of meetings of those charged with governance and reviewed correspondence with HMRC to identify any actual or potential frauds or any potential weaknesses in internal control which could result in fraud susceptibility.
- Challenged assumptions made by management in their significant accounting estimates.
- In addressing the risk of fraud, including the management override of controls and improper income recognition, we tested the appropriateness of a sample of manual journals, reviewed the application of judgements associated with accounting estimates for the indication of potential bias and tested the application of cut-off and revenue recognition.

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.

DocuSigned by:

Fiona Condron

BC8C15A11E97446...

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

Date: 27 January 2022

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 2021

	Note	Unrestricted funds £	Restricted funds £	Total 2021 £	Total 2020 £
Income from:					
Bank interest	4	4	-	4	53
Donations and grants	5	769,348	76,660	846,008	-
Loan interest	6	1,496	-	1,496	3,422
Total income		770,848	76,660	847,508	3,475
Expenditure on:					
Charitable activities	7	(515,700)	-	(515,700)	(273,915)
Total expenditure		(515,700)	-	(515,700)	(273,915)
Net income/(expenditure)		255,148	76,660	331,808	(270,440)
Transfers between funds	12,13	1,675	(1,675)	-	-
Net movements in funds		256,823	74,985	331,808	(270,440)
Balance brought forward at 1 April 2020	12,13	210,806	1,675	212,481	482,921
Balance carried forward at 31 March 2021	12,13	467,629	76,660	544,289	212,481

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

The notes on pages 14 to 22 form part of these financial statements.

The Big Issue Invest Trust

Statement of financial position as at 31 March 2021

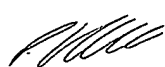

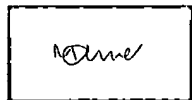
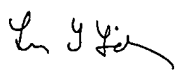


Company Registration

No. 02995859 (England & Wales)

	Note	2021 £	2021 £	2020 £	2020 £
Fixed assets					
Programme related investments	9	-	-	-	12,335
Current assets					
Programme related investments	9	10,418		25,141	
Debtors	10	16		76	
Cash and cash equivalents		553,482		219,102	
		<u>563,916</u>		<u>244,319</u>	
Creditors: amounts falling due within one year	11	<u>(19,627)</u>		<u>(44,173)</u>	
Net current assets			<u>544,289</u>		<u>200,146</u>
Total assets less current liabilities			<u>544,289</u>		<u>212,481</u>
Net assets	14		<u>544,289</u>		<u>212,481</u>
Financed by:					
Funds of the charity					
Restricted funds	13		76,660		1,675
Unrestricted funds	12		467,629		210,806
Total funds			<u>544,289</u>		<u>212,481</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 27/01/2022

					
Parveen Bird Trustee	Roger Hooley Trustee	Mohamed Omer Trustee	Lucy Findley Trustee	Timothy West Trustee	Robert Gilligan Trustee

The notes on pages 14 to 22 form part of these financial statements.

The Big Issue Invest Trust

Notes forming part of the financial statements for the year ended 31 March 2021

1 General information

The Big Issue Invest Trust is a charitable trust, limited by guarantee, incorporated in England and Wales under the Companies Act 2006 and the Charities Act 2011. The address of the registered office is given on the contents page and the nature of the operations and its principal activities is set out in the Trustees' Report.

2 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 2019) - (Charities SORP (FRS 102) 2nd edition) 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 and reconciliation of net debt.

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 3.

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. In reaching this opinion the Trustees have considered the impact of Covid-19 and concluded that all long term debts have been repaid and income has not been negatively impacted by the virus. The Trustees have determined there are sufficient cash flows to meet all current debts as they fall due.

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.

Income from donations and grants

Income represents donations, which are recognised when the Trust has entitlement, the donation can be measured reliably, and receipt is probable.

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 2021 (continued)

2 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).
- All grant applications are reviewed by the Trustees and assessed on their suitability and compatibility with the charity's objectives. The full value of grants committed to by the Trustees is recognised in the Statement of Financial Activities at the point of contract completion.

Within Governance Costs premises and operational costs are allocated directly.

All Items of expenditure are allocated entirely to one cost category.

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 income received or generated for expenditure on the general objectives of the Charity.

Transfers are recognised where the terms of the grant allow a draw down to cover operating costs.

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 2021 (*continued*)

3 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.

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.

4 Income from investments

	Unrestricted £	Restricted £	Total 2021 £	Total 2020 £
Bank interest	4	-	4	53

Previous year income all related to unrestricted funds.

5 Income from donations & grants

	Unrestricted £	Restricted £	Total 2021 £	Total 2020 £
Charitable donations	769,348	76,660	846,008	-

Previous year income all related to unrestricted funds.

Significant donations in the year include:

	2021 £	2020 £
Advent International	454,439	-
Permira	101,600	-
Square Enix	100,000	-
Natasha Muller	85,000	-
Veritas	26,260	-
Johanna Barr	25,000	-
BII Board Members Challenge	12,484	-
Nick Rose	10,000	-
The Harrison Foundation	10,000	-
Nicholas Loufrani	9,000	-
All other donations in the year	12,225	-
	846,008	

The Big Issue Invest Trust

Notes forming part of the financial statements
for the year ended 31 March 2021 (continued)

6 Interest income

	Unrestricted £	Restricted £	Total 2021 £	Total 2020 £
Loan interest	1,496	-	1,496	3,422

Previous year income all related to unrestricted funds.

7 Expenditure on charitable activities

	Direct charitable costs £	Governance costs £	Total 2021 £
Direct costs:			
Premises and operational	479,000	-	479,000
Bank charges	-	707	707
Support costs:			
- Trustee expenses	-	58	58
- Legal and professional fees	-	1,353	1,353
- Finance costs	-	10,582	10,582
- Audit fee	-	24,000	24,000
Total 2021	479,000	36,700	515,700

Included within the operational expense is £479,000 (2020 - £95,000) in relation to grants paid to Big Issue related companies, details of these are set out in note 15.

Further details of these grants are set out in the Trustees Report.

The expenditure for the year totalled £515,700 (2020 - £273,915) of which £515,700 was unrestricted general (2020 - £178,915) and £Nil was restricted (2020 - £95,000).

	Direct charitable costs £	Governance costs £	Total 2020 £
Direct costs:			
Premises and operational	260,204	-	260,204
Support costs:			
- Legal and professional fees	-	1,380	1,380
- Finance costs	-	1,484	1,484
- Audit fee	-	10,847	10,847
Total 2020	260,204	13,711	273,915

The Big Issue Invest Trust

Notes forming part of the financial statements for the year ended 31 March 2021 (*continued*)

8 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 (2020 - £Nil).

Employee costs during the year were £Nil (2020 - £Nil).

The average monthly number of employees of the Charitable Company during the year was Nil (2020 - £Nil).

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

Travel expenses of £Nil (2020 - £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 (2020 - £Nil).

9 Programme related investments

	2021 £	2020 £
<i>Cost</i>		
At 1 April	44,099	62,617
Additions	-	6,623
Repayments	(27,058)	(25,141)
	<hr/>	<hr/>
At 31 March	17,041	44,099
	<hr/>	<hr/>
<i>Provisions</i>		
At 1 April	(6,623)	-
Charge for the year	-	(6,623)
Disposals	-	-
	<hr/>	<hr/>
At 31 March	(6,623)	(6,623)
	<hr/>	<hr/>
Net book amount at 31 March	10,418	37,476
	<hr/>	<hr/>

The Big Issue Invest Trust

Notes forming part of the financial statements
for the year ended 31 March 2021 (*continued*)

9 Programme related investments (*continued*)

Programme related investments are repayable in the following manner:

	2021 £	2020 £
Within one year	10,418	25,141
Repayable after one year:		
After one and within two years	-	12,335
After two and within five years	-	-
After five years	-	-
	-	12,335
Total investments	10,418	37,476

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

10 Debtors: amounts falling due within one year

	2021 £	2020 £
Prepayments, accrued income and loan interest receivables	16	76

11 Creditors: amounts falling due within one year

	2021 £	2020 £
Amounts owed to related undertakings	8,782	28,589
Accruals	10,845	15,584
	19,627	44,173

The Big Issue Invest Trust

Notes forming part of the financial statements
for the year ended 31 March 2021 (continued)

12 Unrestricted funds

General fund	At 1 April 2020 £	Transfers £	Income £	Expenditure £	At 31 March 2021 £
General fund	210,806	1,675	770,848	(515,700)	467,629

General fund	At 1 April 2019 £	Transfers £	Income £	Expenditure £	At 31 March 2020 £
General fund	332,624	53,622	3,475	(178,915)	210,806

13 Restricted funds

Advantage Community Loan Fund Permira	At 1 April 2020 £	Transfers £	Income £	Expenditure £	At 31 March 2021 £
	1,675	(1,675)	-	-	-
	-	-	76,660	-	76,660
	1,675	(1,675)	76,660	-	76,660

Community Loan Fund Advantage	At 1 April 2019 £	Transfers £	Income £	Expenditure £	At 31 March 2020 £
Advantage	150,297	(53,622)	-	(95,000)	1,675

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. This is reflected in the transfers shown in the table above.

The Permira restricted fund is to support BIIT's response to the Covid-19 pandemic and to cover core costs associated with delivering support and services to The Big Issue magazine's 2,000 vulnerable vendors.

The Big Issue Invest Trust

Notes forming part of the financial statements
for the year ended 31 March 2021 (*continued*)

14 Analysis of net assets between funds

	Current assets £	Programme related investment £	Current liabilities £	Net assets £
As at 31 March 2021				
General fund	476,838	10,418	(19,627)	467,629
Total unrestricted funds	476,838	10,418	(19,627)	467,629
Restricted funds				
Advantage	-	-	-	-
Permira	76,660	-	-	76,660
Total restricted funds	76,660	-	-	76,660
Total	553,498	10,418	(19,627)	544,289

Analysis of net assets between funds – prior year

	Current assets £	Programme related investment £	Current liabilities £	Net assets £
As at 31 March 2020				
General fund	217,503	37,476	(44,173)	210,806
Total unrestricted funds	217,503	37,476	(44,173)	210,806
Restricted funds				
Advantage	1,675	-	-	1,675
Total restricted funds	1,675	-	-	1,675
Total	219,178	37,476	(44,173)	212,481

The Big Issue Invest Trust

Notes forming part of the financial statements for the year ended 31 March 2021 (continued)

15 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 2020 the Charitable Company had 1 member (2020 - 1), BII.

16 Related party transactions

During the year the Charitable Company paid management fees of £24,000 (2020 - £24,000) to its corporate member company BII. At the year end the Charitable Company owed BII £Nil (2020 - £28,589).

The following entities sit within the Big Issue Group, of which The Big Issue Invest Trust is a member:

The Big Issue Invest Trust paid a grant of £Nil (2020 - £75,000) to Big Issue Invest Corporate Social Venturing Limited during the year. At the year end £Nil (2020 - £Nil) was outstanding.

The Big Issue Invest Trust paid a grant of £Nil (2020 - £20,000) to Big Issue Invest Limited during the year. At the year end £Nil (2020 - £Nil) was outstanding.

The Big Issue Invest Trust paid a grant of £479,000 (2020 - £Nil) to The Big Issue Company during the year. At the year end £Nil (2020 - £Nil) was outstanding.