

The Big Issue Group Limited

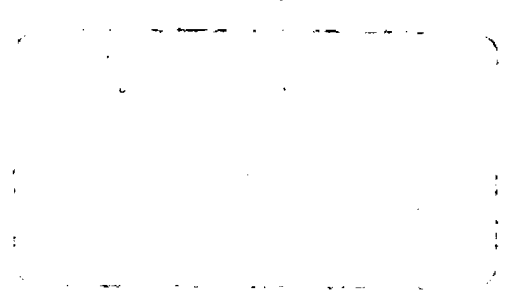
Report and Financial Statements

Year Ended

31 March 2021

Company Number 06771432





Company Number 08771435

31 March 2021

Year Ended

Report and Financial Statements

The Big Issue Group Limited

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

Company Information

Directors

A J Bird
N Kershaw
P Bird
K M Riches

Registered number

06771432

Registered office

113-115 Fonthill Road
London
England
N4 3HH

Independent Auditor

BDO LLP
55 Baker Street
London
W1U 7EU

The Big Issue Group Limited

(A Company Limited by Guarantee)

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The Big Issue Group Limited

(A Company Limited by Guarantee)

Group Strategic Report for the Year Ended 31 March 2021

Business review

The Big Issue Group had a successful year of trading and business diversification, with profits generated for future reinvestment in its mission to "Build a world that works for everyone. Challenging, innovating and creating self-help and sustainable business solutions, that dismantle poverty now and for future generations".

In Big Issue Publishing:

- Just under 4,000 vendors sold the magazine during the financial year, providing a vital source of income to this vulnerable group of people.
- Recognising the need to equip vendors with modern sales solutions, contactless payment devices were piloted nationwide in partnership with iZettle, and vendors provided with the support required to gain access to banking services.
- In total 3.2m magazines were sold by vendors, down (5%) year on year, with Covid starting to impact end of year trading.
- March 2020 saw a swift reaction to the onset of Covid with the launch of The Big Issue Appeal, generating £53k in the last period and setting an income generation template for the financial year ahead.
- During the year - The Big Issue Shop site management, fulfillment and customer service was outsourced to the Shop partner, Tee Tree. This decision led to an improved range of stock, and better marketing, resulting in improved profitability of £13K this year, up from a loss of (£53K) in the previous year.

In Big Issue Invest:

Big Issue Invest Limited and its subsidiaries' principal activity is the provision of investment finance to social enterprises in the United Kingdom.

During the year, Big Issue Invest had four main business areas. Lending to small charities and community led housing, Fund Management to invest in growing social enterprises, Corporate Social Venturing to back start up social enterprises and Impact Partnerships with Asset Managers.

- Lending invested £1.5m in 22 charities and social enterprises, providing cash flow support and investment to enable these grass roots organisations to deliver their social impact.
- Fund Management committed £7.1 million through new transactions and has disbursed in total £7 million through its two active funds. These are the Social Enterprise Investment Fund II LP and Outcomes Investment Fund LP.
- Corporate Social Venturing's Power Up Scotland programme will provide total capital of £990,000 and support to 20 social enterprise, and total investments during the year took the fund up to £492,500 disbursed. Corporate Social Venturing Power Up Midlands launched in 2019. This programme has disbursed £257,500 out of the £300,000 available for investment.
- BII has developed two impact partnerships with leading asset managers Columbia Threadneedle Investments (CTI) and Aberdeen Standard Investments (ASI) to bring social investment to the mainstream investment market. BII has worked with these partners to develop investment funds and their Impact assessment frameworks. BII has an on-going impact advisory role for each fund. Each invests in organisations aligned with the delivery of Sustainable Development Goals and both open up access to social investment to a wider investor base including retail investors, democratising social investment.

Since the end of the financial year, the organisations Big Issue Invest has served have responded with alacrity to the pandemic, providing valuable and essential services to people across the country. Big Issue Invest continued lending and investing during the pandemic and additionally delivered targeted grant programmes to the social enterprises and trading charities we support.

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

Group Strategic Report (continued) for the Year Ended 31 March 2021

The wider Group

- Development of The Big Exchange (TBE) progressed. TBE, which seeks to create, promote and advance an inclusive financial system, will launch its impact investment platform for retail customers in early 2021.
- Through his activities in the House of Lords, Lord John Bird continued to champion a preventative approach as the best means of tackling some of societies greatest challenges. He began to explore how this approach might be enshrined in UK law via a protection of future generations approach, much like that introduced in Wales.

2020/21 - year objectives

Planning for the subsequent year was shaped by the immediate impact of Covid. As a first priority, taking into account the significant impact of losing street sales for a sustained period of time, The Big Issue Group will take action to protect its Reserves position to ensure its ongoing viability.

In lieu of street sales, Big Issue Publishing set out the following objectives:

- To raise direct support for its operations through a digital pivot.
- To work with Big Issue Group entities (Big Issue Invest Trust and The Big Issue Foundation) to provide additional support to vendors through grants.
- To seek cost efficiencies, as well as access to financial support such as the Furlough Scheme and CBILs.
- To rapidly pivot its trading model, making the magazine available on both print and digital subscription for the first time securing distribution in supermarkets; and to expand its digital reach, both driving impact and allowing vendors to sell digital subscriptions directly to consumers.
- To further raise awareness of the impact of Covid and immediate job losses on vulnerable groups in society through Lord Bird's Parliamentary office, as well as the launch of a new campaign Ride Out Recession Alliance to tackle evictions and the creation of new employment opportunities.

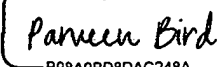
Principal risks and uncertainties

Principal risks and uncertainties are included in the directors' report on page 4.

Key performance indicators

Key performance indicators are included in the directors' report on page 4.

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

DocuSigned by:

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Parveen Bird
Director

Date: 23/12/2021 | 16:20:25 GMT

The Big Issue Group Limited

(A Company Limited by Guarantee)

Directors' Report for the Year Ended 31 March 2021

The directors present their report and the financial statements for the year ended 31 March 2021.

Directors' responsibilities

The directors are responsible for preparing the group strategic report, the directors' report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the Group and of the profit or loss of the Group for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

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

Results and dividends

The loss for the year, after taxation, amounted to £94,192 (2020 - profit £30,579).

No dividend was paid during the year and the directors do not recommend payment of a dividend (2020 - £Nil).

The Big Issue Group Limited

(A Company Limited by Guarantee)

Directors' Report (continued) for the Year Ended 31 March 2021

Key performance indicators

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

	Turnover 2021 £	Turnover 2020 £	(Loss)/profit before tax 2021 £	Profit before tax 2020 £
Publishing business	5,480,194	5,300,766	(270,046)	77,726
The Invest Group	2,549,206	2,984,769	195,784	9,167

The other main key performance indicator used by the group is its net cash position. At 31 March 2021, the group held net cash of £6,284,265 (2020 - £4,243,722).

Directors

The directors who served during the year were:

A J Bird
N Kershaw
P Bird
K M Riches

Principal risks and uncertainties

Liquidity risk: The group actively manages cash balances to ensure there are sufficient available funds for operations and new projects.

Credit risk: Credit risk arises from cash and cash equivalents and deposits with banks, as well as credit exposures to partners and consumer customers. The group's primary exposure is to outstanding receivables due from its various customers. The group has implemented policies that require appropriate credit checks to be conducted on potential partners before contracts are signed. The group also ensures that legal arrangements are put in place to mitigate credit risk and monitors outgoing credit balances to ensure financial exposure is limited.

Going concern

In the last quarter of the financial year ended 31 March 2020, the outbreak of COVID-19 has had a negative impact on the global economy. As this situation is both unprecedented and evolving, it raises some uncertainties for the Company and the Group. The Directors are actively monitoring this and its potential effect on the Group, the loan portfolio and the funds that it acts for.

The Directors have reviewed the current and projected financial position of the Group making reasonable assumptions about the future performance in the light of COVID-19 including stress testing forecasts. The key areas reviewed were forecast income and cash flows for the period of at least 12 months from approving these accounts and based on these the Directors have a reasonable expectation that the Group will continue in operational existence for at least 12 months from the date of approval of these financial statements. Accordingly, the financial statements are presented on a going concern basis.

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

Directors' Report (continued) **for the Year Ended 31 March 2021**

Disclosure of information to auditors

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

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


Subsequent events

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

Auditor

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

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

DocuSigned by:

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Parveen Bird
Director

Date: 22/12/2021 | 18:19:57 GMT

The Big Issue Group Limited

(A Company Limited by Guarantee)

Independent Auditor's Report to the Members of The Big Issue Group Limited

Opinion

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 March 2021 and of the Group's loss 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 Group Limited (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 March 2021 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statement of Financial Position, the Consolidated and Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows and 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 are independent of the Group and the Parent 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 relating to going concern

In auditing the financial statements, we have concluded that the Directors' 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 Group's and Parent 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 Directors with respect to going concern are described in the relevant sections of this report.

The Big Issue Group Limited

(A Company Limited by Guarantee)

Independent Auditor's Report to the Members of The Big Issue Group Limited (continued)

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. 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.

Other Companies Act 2006 reporting

In our opinion, based on the work undertaken in the course of the audit:

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

In the light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' report.

We have nothing to report in respect of the following matters 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 parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement, the Directors 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 Directors determine 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 Directors are responsible for assessing the Group's and the Parent 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 Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

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

Independent Auditor's Report to the Members of The Big Issue Group Limited (continued)

Auditor's responsibilities for the audit of the financial statements

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.

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. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We gained an understanding of the legal and regulatory framework applicable to the Group and the Parent Company and the industry in which it operates, and considered the risk of acts by the Group and the Parent Company, which were contrary to applicable laws and regulations, including fraud. These included but were not limited to compliance with Companies Act 2006 and United Kingdom Generally Accepted Accounting Practice.

We focused on laws and regulations that could give rise to a material misstatement in the Group and Parent Company's financial statements. Our tests included, but were not limited to:

- agreement of the financial statement disclosures to underlying supporting documentation;
- enquiries of management relating to the existence of any non-compliance with laws and regulations;
- review of minutes of board meetings throughout the period; and
- obtaining an understanding of the control environment in monitoring compliance with laws and regulations.

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.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

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

Independent Auditor's Report to the Members of The Big Issue Group Limited (continued)

Use of our report

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

DocuSigned by:

Vanessa Bradley

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Vanessa-Jayne Bradley (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London
United Kingdom

Date: 23 December 2021

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

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

Consolidated Statement of Comprehensive Income
for the Year Ended 31 March 2021

	Note	2021 £	2020 £
Turnover	4	8,029,400	8,285,535
Cost of sales		(1,406,433)	(1,691,919)
Gross profit		6,622,967	6,593,616
Administrative expenses		(6,584,004)	(6,241,986)
Operating profit	5	38,963	351,630
Interest receivable and similar income	9	1	10,273
Interest payable and similar charges	10	(113,226)	(275,010)
(Loss)/profit before taxation		(74,262)	86,893
Tax on (loss)/profit	11	(19,930)	(56,314)
(Loss)/profit for the financial year		(94,192)	30,579

There was no other comprehensive income for 2021 (2020 - £Nil).

The notes on pages 17 to 37 form part of these financial statements.

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

Consolidated Statement of Financial Position
as at 31 March 2021

	Note	2021 £	2020 £
Fixed assets			
Intangible assets	12	11,680	15,380
Tangible assets	13	219,361	267,493
Investments	14	15,846,994	16,986,170
		<u>16,078,035</u>	<u>17,269,043</u>
Current assets			
Stocks	16	7,310	6,384
Debtors	17	906,359	1,206,238
Cash and cash equivalents	18	6,284,265	4,243,722
		<u>7,197,934</u>	<u>5,456,344</u>
Creditors: amounts falling due within one year	19	(3,136,890)	(1,792,237)
Net current assets		<u>4,061,044</u>	<u>3,664,107</u>
Total assets less current liabilities		<u>20,139,079</u>	<u>20,933,150</u>
Creditors: amounts falling due after more than one year	20	(17,110,698)	(17,810,577)
Net assets		<u><u>3,028,381</u></u>	<u><u>3,122,573</u></u>
Capital and reserves			
Merger reserve	23	3	3
Profit and loss account	23	3,025,158	3,119,350
Non-controlling interests		3,220	3,220
		<u><u>3,028,381</u></u>	<u><u>3,122,573</u></u>

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

DocuSigned by:

Parveen Bird
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Parveen Bird
Director

Date: 22/12/2021 | 18:19:57 GMT

The notes on pages 17 to 37 form part of these financial statements.

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

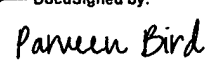
Company Statement of Financial Position
as at 31 March 2021

	Note	2021 £	2020 £
Fixed assets			
Investments	14	2,199	2,205
Current assets			
Debtors: amounts falling due within one year	17	19,645	-
Cash at bank and in hand	18	46,683	-
		<u>66,328</u>	<u>-</u>
Creditors: amounts falling due within one year	19	(68,526)	(2,204)
Total assets less current liabilities		<u>1</u>	<u>1</u>
Net assets		<u>1</u>	<u>1</u>
Capital and reserves			
Profit and loss account	23	1	1
		<u>1</u>	<u>1</u>

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of comprehensive income in these financial statements. The results of the company for the year was £Nil (2020 - £Nil).

The company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

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

DocuSigned by:

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Parveen Bird
Director

Date: 22/12/2021 | 18:19:57 GMT

The notes on pages 17 to 37 form part of these financial statements.

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

Consolidated Statement of Changes in Equity
for the Year Ended 31 March 2021

	Merger reserve	Profit and loss account	Non- controlling interests	Total equity
	£	£	£	£
At 1 April 2020	3	3,119,350	3,220	3,122,573
Comprehensive income for the year				
Loss for the year	-	(94,192)	-	(94,192)
At 31 March 2021	3	3,025,158	3,220	3,028,381

Consolidated Statement of Changes in Equity
for the Year Ended 31 March 2020

	Merger reserve	Profit and loss account	Non- controlling interests	Total equity
	£	£	£	£
At 1 April 2019	3	3,088,771	2,600	3,091,374
Comprehensive income for the year				
Profit for the year	-	30,579	-	30,579
Shares issued during the year	-	-	620	620
At 31 March 2020	3	3,119,350	3,220	3,122,573

The notes on pages 17 to 37 form part of these financial statements.

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

Company Statement of Changes in Equity
for the Year Ended 31 March 2021

	Profit and loss account	Total equity
	£	£
At 1 April 2020	1	1
Result for the year	-	-
	<u>1</u>	<u>1</u>
At 31 March 2021	<u><u>1</u></u>	<u><u>1</u></u>

Company Statement of Changes in Equity
for the Year Ended 31 March 2020

	Profit and loss account	Total equity
	£	£
At 1 April 2019	1	1
Result for the year	-	-
	<u>1</u>	<u>1</u>
At 31 March 2020	<u><u>1</u></u>	<u><u>1</u></u>

The notes on pages 17 to 37 form part of these financial statements.

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

Consolidated Statement of Cash Flows
for the Year Ended 31 March 2021

	2021 £	2020 £
Cash flows from operating activities		
(Loss)/profit for the financial year	(94,192)	30,579
Adjustments for:		
Amortisation of intangible assets	3,700	3,594
Depreciation of tangible assets	59,856	69,723
Reversal of impairment charge on fixed asset investments	-	(13,000)
Income from other investments	-	(914,273)
Interest credited to the income statement	113,226	275,010
Interest charged to the income statement	(1)	(10,273)
Taxation charge	19,930	56,314
(Increase)/decrease in stocks	(926)	3,553
Increase in debtors	131,201	(72,483)
Increase/(decrease) in creditors	556,853	(605,730)
Corporation tax received	122,443	134,578
Investments written off	91,208	-
Net cash used in operating activities	1,003,298	(1,042,408)
Cash flows from investing activities		
Purchase of tangible fixed assets	(11,724)	(19,390)
Sale of fixed asset investments	6	-
Interest received	1	10,273
Income from investments	-	914,273
Net loan investments granted	(1,792,291)	(4,805,012)
Loan investments repaid	2,840,253	2,481,416
Net cash (used in)/generated from investing activities	1,036,245	(1,418,440)

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

Consolidated Statement of Cash Flows (continued)
for the Year Ended 31. March 2021

	2021 £	2020 £
Cash flows from financing activities		
New secured loans	-	59,724
Repayment of loans	(372,806)	-
Other new loans	487,032	231,505
Interest paid	(113,226)	(275,010)
Shares issued to non controlling interest	-	620
Net cash generated from financing activities	1,000	16,839
Net Increase/(decrease) in cash and cash equivalents	2,040,543	(2,444,009)
Cash and cash equivalents at beginning of year	4,243,722	6,687,731
Cash and cash equivalents at the end of year	6,284,265	4,243,722
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	6,284,265	4,243,722
	6,284,265	4,243,722

The notes on pages 17 to 37 form part of these financial statements.

The Big Issue Group Limited

(A Company Limited by Guarantee)

Notes to the Financial Statements for the Year Ended 31 March 2021

1. General information

The Big Issue Group Limited (the 'Company') is a private limited company incorporated in England & Wales under the Companies Act 2006. The Company is limited by guarantee, having no share capital. Each member of the Company has undertaken to contribute an amount not exceeding £1 towards any deficit in the event of the Company being placed in liquidation. The directors have no beneficial interest in the Company or its activities. The address of the registered office is given on the Company information page and the nature of the Company's operations and its principal activities are set out in the strategic report.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland ('FRS 102') and the Companies Act 2006.

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

The following principal accounting policies have been applied:

2.2 Basis of consolidation

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

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

The Company is the sole guarantor member of Big Issue Invest Trust ("BIIT"), a UK charity. As the sole guarantor member, the Company controls the Board of BIIT. However, as BIIT is a registered charity, the interest is not held so as to obtain benefits from the activities of BIIT. As a result, in accordance with FRS 102, BIIT does not constitute a subsidiary of the group.

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

The Big Issue Group Limited

(A Company Limited by Guarantee)

Notes to the Financial Statements for the Year Ended 31 March 2021

2. Accounting policies (continued)

2.2 Basis of consolidation (continued)

Limited Partnerships

The Group manages three social investment fund limited partnerships, details of which are given in note 15 of the financial statements.

The Group consolidates its attributable proportion of the assets and income of the Social Enterprise Investment Funds, as well as the Big Issue Invest Outcomes Investment Fund which it manages as General Partners. This is on the basis that the General Partners control the Social Enterprise Investments funds and Big Issue Invest Outcomes Investment Fund.

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

Income from other Investments

Income from other investments relates to the priority profit share due to the subsidiary undertakings which is recognised on an accruals basis.

2.3 Associates and joint ventures

An entity is treated as a joint venture where the Group is a party to a contractual agreement with one or more parties from outside the Group to undertake an economic activity that is subject to joint control.

An entity is treated as an associated undertaking where the Group exercises significant influence in that it has the power to participate in the operating and financial policy decisions.

In the consolidated accounts, interests in associated undertakings are accounted for using the equity method of accounting. Under this method an equity investment is initially recognised at the transaction price (including transaction costs) and is subsequently adjusted to reflect the investors share of the profit or loss, other comprehensive income and equity of the associate. The Consolidated Statement of Comprehensive Income includes the Group's share of the operating results, interest, pre-tax results and attributable taxation of such undertakings applying accounting policies consistent with those of the Group. In the Consolidated Statement of Financial Position, the interests in associated undertakings are shown as the Group's share of the identifiable net assets, including any unamortised premium paid on acquisition.

Any premium on acquisition is dealt with in accordance with the goodwill policy.

The Big Issue Group Limited

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Notes to the Financial Statements for the Year Ended 31 March 2021

2. Accounting policies (continued)

2.4 Going concern

In the last quarter of the financial year ended 31 March 2020, the outbreak of COVID-19 has had a negative impact on the global economy. As this situation is both unprecedented and evolving, it raises some uncertainties for the Company and the Group. The Directors are actively monitoring this and its potential effect on the Group, the loan portfolio and the funds that it acts for.

The Directors have reviewed the current and projected financial position of the Group making reasonable assumptions about the future performance in the light of COVID-19 including stress testing forecasts. The key areas reviewed were forecast income and cash flows for the period of at least 12 months from approving these accounts and based on these the Directors have a reasonable expectation that the Group will continue in operational existence for at least 12 months from the date of approval of these financial statements. Accordingly, the financial statements are presented on a going concern basis.

2.5 Turnover

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

2.6 Government and revenue grants

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

2.7 Donations

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

2.8 Intangible assets

Website development costs are capitalised and amortised from completion over a 5 year period where the group expects to generate economic benefits from the development.

The Big Issue Group Limited

(A Company Limited by Guarantee)

Notes to the Financial Statements for the Year Ended 31 March 2021

2. Accounting policies (continued)

2.9 Tangible fixed assets

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

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

Depreciation is provided on the following basis:

Leasehold improvements	- 10% straight line
Furniture, fittings and equipment-	20% - 33% straight line

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.10 Operating leases

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

2.11 Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2.12 Investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.13 Stocks

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

The Big Issue Group Limited

(A Company Limited by Guarantee)

Notes to the Financial Statements for the Year Ended 31 March 2021

2. Accounting policies (continued)

2.14 Debtors and loan stock

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

2.15 Cash and cash equivalents

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

2.16 Financial instruments

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

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

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

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

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

2.17 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs.

The Big Issue Group Limited

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Notes to the Financial Statements for the Year Ended 31 March 2021

2. Accounting policies (continued)

2.18 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.19 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the statement of financial position. The assets of the plan are held separately from the Group in independently administered funds.

2.20 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.21 Taxation

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

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

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

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

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

The Big Issue Group Limited

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Notes to the Financial Statements for the Year Ended 31 March 2021

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

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

Determine whether there are indicators of impairment of the group's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Other key sources of estimation uncertainty

- **Intangible fixed assets (see note 12)**
Intangible fixed assets are amortised over their useful lives. The actual lives of the assets are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation and product life cycles are taken into account.
- **Tangible fixed assets (see note 13)**
Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.
- **Investments (see note 14) and loan interest receivable**
Significant judgements and estimates have been used in the calculation of provisions which are deducted from financial investments. These provisions are calculated by applying impairments to financial investments after assessing their likelihood of default. In respect of financial investments, the total provision applied to the financial investments this financial year is £37,000 (2020: £37,000).

4. Turnover

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

	2021 £	2020 £
Magazine sales	3,101,284	4,236,595
Advertising	840,740	791,043
Investment	619,464	754,902
Other income	2,564,303	1,554,722
Management fees	33,999	34,000
Income from other investments	869,610	914,273
	<u>8,029,400</u>	<u>8,285,535</u>

All turnover arose within the United Kingdom.

The Big Issue Group Limited

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Notes to the Financial Statements for the Year Ended 31 March 2021

5. Operating profit

The operating profit is stated after charging:

	2021 £	2020 £
Amortisation of intangible fixed assets (see note 12)	3,700	3,594
Depreciation of tangible fixed assets (see note 13)	59,856	53,002
Other operating lease rentals	<u>211,267</u>	<u>137,505</u>

6. Auditor's remuneration

	2021 £	2020 £
Fees payable to the Group's Auditor and its associates for the audit of the Group's annual accounts	5,800	3,605
Fees payable to the Group's Auditor and its associates for the audit of the Company's subsidiaries annual accounts	43,920	44,751
Fees payable to the Group's Auditor and its associates in respect of:		
All other services	<u>46,593</u>	<u>44,275</u>

7. Employees

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

	Group 2021 £	Group 2020 £
Wages and salaries	3,329,303	3,559,810
Social security costs	334,425	341,822
Cost of defined contribution scheme	83,929	101,098
	<u>3,747,657</u>	<u>4,002,730</u>

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

2021 No.	2020 No.
<u>112</u>	<u>114</u>

The Big Issue Group Limited

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Notes to the Financial Statements for the Year Ended 31 March 2021

8. Directors' remuneration

	2021 £	2020 £
Directors' emoluments	225,698	237,300
Company contributions to defined contribution pension schemes	4,774	5,834
	<u>230,472</u>	<u>243,134</u>

During the year retirement benefits were accruing to 3 directors (2020 - 3) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £86,218 (2020 - £104,501).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £7,170 (2020 - £2,555).

9. Interest receivable and similar income

	2021 £	2020 £
Other interest receivable	<u>1</u>	<u>10,273</u>

10. Interest payable and similar charges

	2021 £	2020 £
Interest payable	<u>113,226</u>	<u>275,010</u>

The Big Issue Group Limited

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Notes to the Financial Statements for the Year Ended 31 March 2021

11. Taxation

	2021 £	2020 £
Corporation tax		
Current tax on profits for the year	-	3,547
Adjustments in respect of previous periods	(27,432)	(2,110)
Total current tax	<u>(27,432)</u>	<u>1,437</u>
Deferred tax		
Origination and reversal of timing differences	48,572	64,753
Changes to tax rates	-	(13,017)
Adjustments in respect of prior periods	(1,210)	3,141
Total deferred tax	<u>47,362</u>	<u>54,877</u>
Taxation on profit on ordinary activities	<u>19,930</u>	<u>56,314</u>

The Big Issue Group Limited

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Notes to the Financial Statements for the Year Ended 31 March 2021

11. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2020 - higher than) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021 £	2020 £
Profit on ordinary activities before tax	<u>(74,262)</u>	<u>86,893</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	(14,110)	16,510
Effects of:		
Fixed asset differences	2,346	2,614
Expenses not deductible for tax purposes	3,880	6,550
Adjustments to tax charge in respect of prior periods	(27,432)	(2,110)
Adjustments to tax charge in respect of prior periods - deferred tax	(1,210)	3,141
Non-taxable income	(14,003)	(155,870)
Adjust opening deferred tax to average rate	-	(212)
Change in tax rate	-	(12,804)
Deferred tax not recognised	68,128	198,495
Losses carried back	2,331	-
Total tax charge for the year	<u>19,930</u>	<u>56,314</u>

The UK Government announced on 3 March 2021 its intention to increase the UK rate of corporation tax to 25% from 19% from 1 April 2023. As this rate was not substantively enacted at the year end, deferred tax has been calculated based on the prevailing rate of 19%. The estimated impact of the new 25% rate on the deferred tax asset is immaterial.

The Big Issue Group Limited

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Notes to the Financial Statements for the Year Ended 31 March 2021

12. Intangible assets

Group

	Website development £
Cost	
At 1 April 2020	24,500
At 31 March 2021	<u>24,500</u>
Amortisation	
At 1 April 2020	9,120
Charge for the year on owned assets	3,700
At 31 March 2021	<u>12,820</u>
Net book value	
At 31 March 2021	<u><u>11,680</u></u>
At 31 March 2020	<u><u>15,380</u></u>

The Company had no intangible fixed assets.

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

Notes to the Financial Statements
for the Year Ended 31 March 2021

13. Tangible fixed assets

Group

	Leasehold Improvements £	Furniture, fittings and equipment £	Total £
Cost or valuation			
At 1 April 2020	340,440	181,055	521,495
Additions	-	11,724	11,724
At 31 March 2021	<u>340,440</u>	<u>192,779</u>	<u>533,219</u>
Depreciation			
At 1 April 2020	118,448	135,554	254,002
Charge for the year on owned assets	31,764	28,092	59,856
At 31 March 2021	<u>150,212</u>	<u>163,646</u>	<u>313,858</u>
Net book value			
At 31 March 2021	<u>190,228</u>	<u>29,133</u>	<u>219,361</u>
At 31 March 2020	<u>221,992</u>	<u>45,502</u>	<u>267,494</u>

The Company had no tangible fixed assets.

The Big Issue Group Limited

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Notes to the Financial Statements for the Year Ended 31 March 2021

14. Fixed asset investments

Group

	Investments in subsidiary companies £	Investments in associates £	Loans to subsidiaries £	Total £
Cost or valuation				
At 1 April 2020	1	(1)	17,023,170	17,023,170
Additions	-	-	1,792,291	1,792,291
Disposals	(6)	-	(2,840,253)	(2,840,259)
Amounts written off	-	-	(91,208)	(91,208)
At 31 March 2021	(5)	(1)	15,884,000	15,883,994
Impairment				
At 1 April 2020	-	-	37,000	37,000
At 31 March 2021	-	-	37,000	37,000
Net book value				
At 31 March 2021	(5)	(1)	15,847,000	15,846,994
At 31 March 2020	1	(1)	16,986,170	16,986,170

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

The Big Issue Group Limited
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Notes to the Financial Statements
for the Year Ended 31 March 2021

14. Fixed asset investments (continued)

Company

	Investments in subsidiary companies £
Cost or valuation	
At 1 April 2020	2,205
Disposals	(6)
	<hr/>
At 31 March 2021	2,199
Net book value	
At 31 March 2021	2,199
	<hr/> <hr/>
At 31 March 2020	2,205
	<hr/> <hr/>

The Big Issue Group Limited

(A Company Limited by Guarantee)

Notes to the Financial Statements for the Year Ended 31 March 2021

15. Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Principal activity	Class of shares	Holding
The Big Issue Company Limited	Publishing	Ordinary	100%
The Big Issue Cymru Limited	Dormant	Ordinary	100%
The Big Issue in Scotland Limited	Publishing	Ordinary	100%
Big Issue Invest Limited	Financing of social enterprises	Ordinary	100%
The Big Issue Exchange Limited	Social Trading Platform	Ordinary	37.5%
Big Issue Invest Fund Management Ltd	Fund management	Ordinary	100%
Big Issue Social Investment Limited	Fund management	Ordinary	100%
Big Issue Invest Corporate Social Venturing Limited	Financing of social enterprises	Ordinary	100%
Social Brokers Foundation	Dormant	Ordinary	100%
The Bag Issue Limited	Dormant	Ordinary	100%
Prevention Convention Limited	Dormant	Ordinary	100%
Big Issue Invest Social Enterprise Investment Fund I LP	Fund	N/A	- %
Big Issue Invest Social Enterprise Investment Fund II LP	Fund	N/A	- %
Big Issue Invest Outcomes Investment Fund LP	Fund	N/A	- %
Big Issue Access Limited	Financing of social impact organisations	Ordinary	100%
Big Issue Invest Scotland Limited	Dormant	Ordinary	100%

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

All entities have been incorporated in England and Wales and have the same registered office address as the company (see company information page), unless otherwise stated.

The Big Issue Cymru Limited registered office address is First Floor, Hastings House, Fitzalan Place, Cardiff, CF24 0BL.

The Big Issue in Scotland Limited has been incorporated in Scotland and the registered office address is 43 Bath Street, Glasgow, G2 1HW.

Big Issue Invest Scotland Limited has been incorporated in Scotland and the registered office address is 31 Queensferry Street, Edinburgh, Scotland, EH2 4QS.

The Big Issue Group Limited

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Notes to the Financial Statements for the Year Ended 31 March 2021

16. Stocks

	Group 2021 £	Group 2020 £
Paper stock	7,310	6,384

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

17. Debtors

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Trade debtors	198,266	287,607	-	-
Other debtors	217,118	162,866	202	-
Called up share capital not paid	619	-	-	-
Prepayments and accrued income	276,483	363,333	-	-
Tax recoverable	19,443	141,336	19,443	-
Deferred taxation	39,096	86,461	-	-
Loan interest receivable	155,334	164,635	-	-
	<u>906,359</u>	<u>1,206,238</u>	<u>19,645</u>	<u>-</u>

18. Cash and cash equivalents

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Cash at bank and in hand	6,284,265	4,243,722	46,683	-

Of the cash at bank and in hand for the group at year-end, £2,985,364 (2020 - £1,972,895) is committed for use in lending to social impact organisations.

The Big Issue Group Limited

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Notes to the Financial Statements for the Year Ended 31 March 2021

19. Creditors: Amounts falling due within one year

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Other loans	28,472	37,813	-	-
Trade creditors	241,509	342,045	2,399	-
Amounts owed to group undertakings	581	-	2,199	1,999
Amounts owed to other participating interests	-	140,409	-	-
Corporation tax	580	27,465	-	-
Other taxation and social security	69,172	66,010	13,928	-
Other creditors	998,144	188,453	50,000	205
Accruals and deferred income	1,798,432	990,042	-	-
	<u>3,136,890</u>	<u>1,792,237</u>	<u>68,526</u>	<u>2,204</u>

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

	Group 2021 £	Group 2020 £
Bank loans	9,363,821	9,736,628
Other loans	1,474,674	978,301
Other creditors	1,686,011	2,851,872
Accruals and deferred income	4,586,192	4,243,776
	<u>17,110,698</u>	<u>17,810,577</u>

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

As at 31 March 2021 the group had 4 loans outstanding (2020 - 4). Bank loans of £900,929 (2020 - £1,273,735) reach final maturity in 2023 and attract an interest rate of between 4% + base rate. Other loans of £8,484,193 (2020 - £8,484,193) reach final maturity between 2023 and 2026 and attract an interest rate of between 0% and 6.25%. Bank loan instalment repayments of £367,500 (2020 - £962,500) were made during the year. The group has taken advantage of the public benefit exemption and has not applied a commercial rate of interest, required under FRS 102 to these loans.

During the year, the group took out a new loan of £500,000, interest commencing on Drawdown Date, the Loan shall bear interest, up to the First Anniversary, at a fixed rate of 9% per annum and after the First Anniversary, the Loan shall bear interest at a fixed rate of 6.5% per annum. Repayment Instalments of £22,273.13 commencing one month after the First Anniversary, and the last Repayment Instalment will be repaid on the Termination Date which is 1 September 2023.

The Big Issue Group Limited

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Notes to the Financial Statements for the Year Ended 31 March 2021

21. Financial instruments

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Financial assets				
Financial assets that are debt instruments measured at amortised cost	7,022,885	22,058,139	46,884	-
Financial liabilities				
Financial liabilities measured at amortised cost	(28,601,889)	(15,095,251)	(54,598)	(2,204)

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

Financial liabilities measured at amortised cost, comprise bank loans, trade creditors, amounts owed to group undertakings, other creditors and accrued expenses.

22. Deferred taxation

Group

	2021 £	2020 £
At beginning of year	86,461	141,338
Charged to profit or loss	(47,365)	(54,877)
At end of year	39,096	86,461
	Group 2021 £	Group 2020 £
Accelerated capital allowances	39,096	86,461
	39,096	86,461

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Notes to the Financial Statements for the Year Ended 31 March 2021

23. Reserves

Merger Reserve

A merger reserve account is an account that is credited instead of a company's share premium account in circumstances where merger relief under section 612 of the Companies Act 2006 is obtained.

Profit and loss account

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

24. Company status

The Company is a private company limited by guarantee and consequently does not have share capital. Each of the members is liable to contribute an amount not exceeding £1 towards the assets of the company in the event of liquidation. As at 31 March 2021, the company had 2 members, A J Bird and N Kershaw (2020 - 2 members, A J Bird and N Kershaw).

Each "A" member shall enjoy full voting rights entitling each "A" member to one vote. Each "B" member shall be non-voting except for resolutions stated in the Articles of Association.

25. Pension commitments

The Group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amounted to £83,929 (2020 - £101,098). Contributions totalling £Nil (2020 - £1,005) were payable to the fund at the reporting date and are included in creditors.

26. Commitments under operating leases

At 31 March 2021 the group had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2021 £	Group 2020 £
Not later than 1 year	243,124	231,313
Later than 1 year and not later than 5 years	419,780	280,820
Later than 5 years	60,840	133,540
	<u>723,744</u>	<u>445,673</u>

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

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Notes to the Financial Statements for the Year Ended 31 March 2021

27. Related party transactions

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

During the year, the group received management fees of £24,000 (2020 - £24,000) on behalf of its corporate member company Big Issue Invest Trust (previously known as The Social Enterprise Loan Fund). At the year end Big Issue Invest Limited is owed £Nil (2020 - £28,589) from Big Issue Invest Trust and Big Issue Invest Limited owes £Nil (2020 - £Nil) to Big Issue Invest Trust.

The group recharged expenses to a connected entity, The Big Issue Foundation, during the year of £324,991 (2020 - £245,176). The amount outstanding at the year end is £Nil (2020 - £1,085).

During the year, the group received an annual priority profit share in respect of Big Issue Invest Social Enterprise Investment Fund I LP, Big Issue Invest Social Enterprise Investment Fund II LP and Big Issue Invest Outcomes LP under the terms of the relevant limited partnership agreements. £64,139 (2020 - £77,787) was received from Big Issue Invest Social Enterprise Investment Fund I LP, £570,841 (2020 - £585,872) was received from Big Issue Invest Social Enterprise Investment Fund II LP and £234,629 (2020 - £250,515) was received from Big Issue Invest Outcomes LP. All three entities are related parties of the group by virtue of the group's control of these entities.

Key management personnel include all directors who together have authority and responsibility for planning, directing and controlling the activities of the group. The total compensation paid to key management personnel for services provided to the group was £225,698 (2020 - £237,300).

28. Controlling party

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