

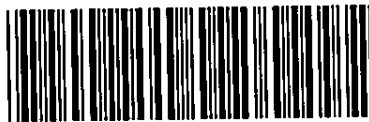
Company Registration No. 4764982 (England and Wales)

**BIG ISSUE INVEST LIMITED**  
**(FORMERLY BIGINVEST COMPANY LIMITED)**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2009**

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## **BIG ISSUE INVEST LIMITED**

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**BIG ISSUE INVEST LIMITED**  
**COMPANY INFORMATION**

<b>Directors</b>	A J Bird (resigned 21/10/2009) N Kershaw A R D Monro-Davies S Forster R Litchfield J Allen (appointed 01/10/2008) A Wood (appointed 01/10/2008)
<b>Secretary</b>	N Kershaw
<b>Company number</b>	4764982
<b>Registered office</b>	1-5 Wandsworth Road London Great Britain SW8 2LN
<b>Auditors</b>	KPMG LLP
<b>Business address</b>	16 – 19 Southampton Place London Great Britain WC1A 2AJ

## **BIG ISSUE INVEST LIMITED**

### **DIRECTORS' REPORT**

#### **FOR THE FINANCIAL YEAR ENDED 31 MARCH 2009**

The Directors present their report and financial statements for the financial year ended 31 March 2009.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

During the fiscal year ended 31 March 2009, Big Issue Invest Ltd. (BII) continued to provide financial support to social entrepreneurs throughout the UK, making loans to new clients in a variety of sectors including community healthcare, childcare and education, and supported accommodation for the homeless. BII borrowers can now be found from the Dover Coast to the Isle of Anglesey and as far north as Glasgow.

BII also made significant progress during the fiscal year towards its goal of improving social enterprises' access to a wider range of financing options, taking important steps towards the creation of a Social Enterprise Investment Fund that will provide much needed risk capital to growth businesses in the sector. The Fund will be managed by an FSA authorised manager with a target size of £10 million in finance raised from a range of socially-motivated investors.

BII's research and development efforts during the year focused on its alternative credit scoring project. This proof-of-concept project sets out to assess whether including rent payment data in credit scoring would help increase low-income individuals' access to affordable credit and other financial services and reduce dependency on high cost loans. BII is working with Affinity Sutton and Riverside housing associations on this project and has contracted Experian to carry out the data analysis. Our thanks to Friends Provident Foundation and the Joseph Rowntree Foundation for supporting this work.

BII's financial performance was significantly impacted by developments in the broader economy during the second half of the fiscal year. The unprecedented decline in interest rates caused an abrupt reduction in interest margins on lending and cash reserves, while market uncertainty meant that many potential borrowers put their borrowing plans on hold well into 2009. As a result of these developments, the net loan portfolio outstanding contracted by 11%, from about £2.8 million to a little under £2.5 million by the end of the fiscal year, and net income from lending operations was down nearly 27% year-on-year.

Fortunately, to date, the economy has not had a significant impact on our borrowers' ability to service their loans. Throughout the fiscal year BII was able to maintain its excellent portfolio payment record, and the company did not need to increase its loan loss reserves over historical policy levels as it had done in the previous fiscal year. As such, BII was able to reduce its operating deficit year-on-year, even in the face of the reduction in interest income as well as an increased investment in staffing made in anticipation of the development and launch of the Social Enterprise Investment Fund.

Since the close of the 2009 fiscal year, interest rates have remained at very low levels; however, we have already made significant progress over the intervening months towards improving margins on both new and existing lending. Loan demand has re-emerged in the second part of the calendar year, and we now expect to end the year with a significant increase in portfolio outstanding. In addition, we anticipate making new risk capital investments out of the new Social Enterprise Investment Fund which we hope to launch early in 2010.

As of the date of this report BII has, in its short history, made some £6 million in debt and quasi-equity investments into 29 different UK social enterprises. Through our direct lending, but also by playing the roles of leader and innovator in the social finance sector, we believe we will continue to meet our broader and overriding social impact objectives of supporting businesses that deliver prevention and cure in the dismantling of poverty and social inequality.

#### **Change of Company Name**

The Company changed its name from Biginvest Company Limited to Big Issue Invest Limited on 1 September 2008.

#### **Principal activity**

The principal activity of the Company is the provision of debt and quasi-equity finance to social enterprises in the United Kingdom. There were no significant changes to the principal activity during the financial year.

#### **Financial Results:**

Big Issue Invest Limited made a loss after taxation of £207,095 (2008: £250,174). Tax for the financial year was nil (2008: nil).

#### **Directors**

The following Directors have held office since 1 April 2008:

A J Bird (resigned 21/10/2009)

N Kershaw

A R D Monro-Davies

S Forster

R Litchfield

J Allen (appointed 01/10/2008)

A Wood (appointed 01/10/2008)

**BIG ISSUE INVEST LIMITED**

**DIRECTORS' REPORT (CONTINUED)**

**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2009**

**Dividend**

No dividend was paid during the year and the Directors do not recommend payment of a dividend.

**Political and Charitable Contributions**

The Company made no political or charitable donations during the financial year.

**Disclosure of information to auditors**

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and the Directors have taken all the steps that they ought to have taken as Directors to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

**Auditors**

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be re-appointed and KPMG LLP will therefore continue in office.

On behalf of the board



.....  
M Kershaw

Director

30 November 2009

## **BIG ISSUE INVEST LIMITED**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgments and 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 company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

## **BIG ISSUE INVEST LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BIG ISSUE INVEST LIMITED**

We have audited the financial statements of Big Issue Invest Ltd (the "company") for the financial year ended 31 March 2009 which comprise the Profit and Loss Account and the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein and the requirements of the Financial Reporting Standard for Smaller Entities (Effective January 2007).

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 3.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it. Our responsibilities do not extend to any other information.

#### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

#### **Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Financial Accounting Practice of the state of the company's affairs as at 31 March 2009 and of its loss for the financial year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.



KPMG LLP  
Chartered Accountants  
Registered Auditor  
30 November 2009

8 Salisbury Square  
London EC4Y 8BB

**BIG ISSUE INVEST LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2009**

		<b>2009</b>	<b>2008</b>
	<b>Notes</b>	<b>£</b>	<b>£</b>
<b>Turnover</b>	<b>2</b>	248,495	315,602
Administrative expenses		(457,130)	(578,553)
<b>Operating loss</b>	<b>3</b>	(208,635)	(262,951)
Other interest receivable and similar income		28,220	33,297
Interest payable and similar charges		(26,681)	(20,520)
<b>Loss on ordinary activities before taxation</b>		(207,096)	(250,174)
Taxation	<b>4</b>	-	-
<b>Loss on ordinary activities after taxation</b>		(207,096)	(250,174)

All activities are continuing.

The notes on pages 10 – 13 form part of these financial statements



**BIG ISSUE INVEST LIMITED**  
**BALANCE SHEET**  
**AS AT 31 MARCH 2009**

			2009	2008
	Notes	£	£	£
<b>Fixed Assets</b>				
Investments	6		1,824,970	2,177,779
Tangible Fixed Assets	5		9,311	2,932
			<u>1,834,281</u>	<u>2,180,711</u>
<b>Current assets</b>				
Investments	6	663,495		613,974
Debtors	7	5,732		51,867
Cash at bank and in hand		1,190,687		430,014
		<u>1,859,914</u>		<u>1,095,855</u>
<b>Creditors: amounts falling due within one year</b>	8	(66,709)		(41,985)
		<u></u>		<u></u>
<b>Net current assets</b>			<u>1,793,205</u>	<u>1,053,870</u>
<b>Total assets less current liabilities</b>			<u>3,627,486</u>	<u>3,234,581</u>
<b>Creditors: amounts falling due after more than one year</b>	9			
			1,600,000	1,000,000
<b>Deferred Granted Equity</b>	10		1,221,279	1,699,134
<b>Capital and reserves</b>				
Called up share capital	11		1	1
Granted Equity	12		1,278,721	800,866
Profit and loss account	12		(472,516)	(265,420)
			<u>806,206</u>	<u>535,447</u>
<b>Shareholders' funds</b>			<u>806,206</u>	<u>535,447</u>
			<u>3,627,486</u>	<u>3,234,581</u>

The notes on pages 10 to 13 form part of these financial statements.

The financial statements were approved by the Board on 30 November 2009 and signed on their behalf by

  
 \_\_\_\_\_  
**Nigel Kershaw**

**Director**

**30 November 2009**

**BIG ISSUE INVEST LIMITED**  
**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2009**

	2009 £	2008 £
Loss for the financial year	(207,096)	(250,174)
Deferred granted equity recognised in granted equity reserve	477,855	498,838
<b>Total recognised gains and losses relating to the financial year</b>	<u>(270,759)</u>	<u>(248,664)</u>

The notes on pages 10 to 13 form part of these financial statements.

**BIG ISSUE INVEST LIMITED****NOTES TO THE FINANCIAL STATEMENTS****FOR THE FINANCIAL YEAR ENDED 31 MARCH 2009****1 Accounting policies****1.1 Basis of preparation**

The financial statements are prepared under the historical cost convention, in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2007) and in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

**1.2 Turnover**

Turnover represents loan investments interest, grants and fees receivable.

**1.3 Government and Revenue Grants**

Capital Grants received to make loans to social enterprises are credited to Deferred Granted Equity and released to a Granted Equity Reserve when ownership of the grant by Big Issue Invest Limited is certain. The Granted Equity Reserve is a non-distributable reserve. Revenue Grants are credited to the Profit and Loss on an accrual basis.

**1.4 Investments**

Investments are carried at cost less impairment.

**1.5 Depreciation**

Depreciation is provided on a straight line basis to write off the cost, less estimated residual value, of all tangible fixed assets over their expected useful life of 4 years.

**1.6 Deferred tax**

Deferred taxation is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Deferred tax assets are recognized to the extent that it is regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

<b>2 Turnover</b>	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
Grant income:		
- Friends Provident Foundation	38,777	56,223
- Esmee Fairbairn Foundation	22,667	45,334
- Joseph Rowntree Foundation	21,462	
Other	250	11,000
Subtotal	83,156	112,557
Fees receivable	10,608	10,105
Loan interest receivable	154,731	192,940
Total	248,495	315,602

<b>3 Operating loss</b>	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
Operating loss is stated after charging:		
- Auditors' Remuneration:		
Audit services	4,888	3,525
- Operating lease rentals	-	8,574

**BIG ISSUE INVEST LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2009**

<b>4 Taxation</b>	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
Current year corporation tax charge	-	-
<i>Factors affecting the tax charge for the financial year</i>		
Loss on ordinary activities before tax	(206,096)	(250,174)
Tax at standard rate: 21% (2008: 20%)	(43,490)	(50,035)
Effects of:		
Expenses not deductible for tax purpose	6,682	56,140
Capital allowances for period in excess of depreciation	(1,431)	(151)
Utilisation of tax losses	-	(6,032)
Deferred tax asset not recognized	38,239	78
Total current year corporation tax charge	-	-

The deferred tax above has not been recognised in the financial statements due to uncertainty of its future recoverability.

<b>5 Tangible Fixed Assets</b>	<b>£</b>
<b>Cost</b>	
At 1 April 2008	3,630
Additions	7,312
At 31 March 2009	10,942
<b>Depreciation</b>	
At 1 April 2008	(698)
Charge for the financial year	(933)
At 31 March 2009	(1,631)
<b>Net Book Value</b>	
At 31 March 2009	9,311
At 31 March 2008	2,932

**BIG ISSUE INVEST LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2009**

<b>Investments</b>		<b>2009</b>	<b>2008</b>
Loan Investments:		<b>£</b>	<b>£</b>
At 1 April 2008		2,791,753	2,585,821
Movement in the financial year		(303,287)	205,932
At 31 March 2009		2,488,466	2,791,753
Repayable in less than one year		(663,495)	(613,974)
Repayable in more than one year		1,824,970	2,177,779
The balance at 31 March 2009 is net of provisions amounting to £352,039 (2008: £300,503).			
<b>7 Debtors</b>		<b>2009</b>	<b>2008</b>
		<b>£</b>	<b>£</b>
Trade debtors		5,000	-
Amounts owed by group undertakings		409	42,001
Prepayments and accrued income		322	9,866
		5,731	51,867
<b>8 Creditors: amounts falling due within one year</b>		<b>2009</b>	<b>2008</b>
		<b>£</b>	<b>£</b>
Trade and other creditors		46,875	41,985
Amounts owed to group undertakings		19,834	-
Corporation Tax			
		66,709	41,985
<b>9 Creditors: amounts falling due after more than one year</b>		<b>2009</b>	<b>2008</b>
		<b>£</b>	<b>£</b>
Bank Loan		1,600,000	1,000,000
<b>10 Deferred Granted Equity</b>		<b>2009</b>	<b>2008</b>
		<b>£</b>	<b>£</b>
At 1 April		1,699,134	2,197,972
Recognised in equity		(477,855)	(498,838)
At 31 March		1,221,279	1,699,134

The loan is secured via a debenture comprising fixed and floating charges over all the Company's assets.

**BIG ISSUE INVEST LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2009**

<b>11 Share capital</b>	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
<b>Authorised</b>		
1,000 Ordinary shares of £1 each	1,000	1,000
	<u>          </u>	<u>          </u>
<b>Allotted, called up and fully paid</b>		
1 Ordinary shares of £1 each	1	1
	<u>          </u>	<u>          </u>

**12 Reconciliation of movement in Shareholders' Funds**

	<b>Ordinary share capital</b>	<b>Profit and loss account</b>	<b>Granted equity reserve</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Balance at 1 April 2008	1	(265,420)	800,866	535,447
Movement for the financial year	-	(207,096)	477,855	270,759
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Balance at 31 March 2009	1	(472,516)	1,278,721	806,206
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

<b>13 Other financial commitments</b>	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
Operating lease commitment which expires within one year	-	11,934
	<u>          </u>	<u>          </u>

**14 Related party transactions**

Consultancy fees of £101,316 (2008: £75,073) were paid to The Big Issue during the year for providing Nigel Kershaw's consulting services to the Company.

**15 Ultimate Parent Undertaking**

The ultimate controlling party is A J Bird by virtue of his shareholding in the ultimate parent company The Big Issue Company Limited, a company registered in England and Wales.

**16 Comparatives**

Certain comparatives have been reclassified in line with current year's presentation.

(This page does not form part of the statutory financial statements)

**BIG ISSUE INVEST LIMITED**

**DETAILED TRADING AND PROFIT AND LOSS ACCOUNT (UNAUDITED)**

**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2009**

	2009 £	2008 £
<b>Turnover</b>		
Loan investments interest, fees and grant income	248,495	315,602
<b>Administrative expenses</b>	(457,130)	(578,553)
<b>Operating (loss)/profit</b>	(208,635)	(262,951)
<b>Other interest receivable and similar income</b>		
Bank interest received	28,220	33,297
<b>Interest payable</b>		
Bank overdraft interest	(26,681)	(20,520)
<b>(Loss)/profit before taxation</b>	(207,096)	(250,174)
<b>Taxation</b>	-	-
<b>(Loss)/profit after taxation</b>	(207,096)	(250,174)

(This page does not form part of the statutory financial statements)

**BIG ISSUE INVEST LIMITED**

**SCHEDULE OF ADMINISTRATIVE EXPENSES (UNAUDITED)  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2009**

	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
<b>Administrative expenses</b>		
Staff costs	111,171	90,308
Premises	15,289	10,425
Office Expenses	6,299	
Printing, postage and stationery	5,242	5,390
Advertising and Marketing expenses	10,694	15,161
Telephone and Computer costs	12,225	6,198
Management fees	194,527	115,229
Travelling expenses & Subsistence	17,921	14,194
Legal and Professional fees	8,289	-
Consultancy fees	37,309	33,625
Audit and Accountancy	4,888	3,525
Bank charges	216	524
Depreciation charge	933	698
Specific Bad Debts	2,855	-
Provision against loan losses	29,272	278,661
	<hr/>	<hr/>
	457,130	578,553
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