

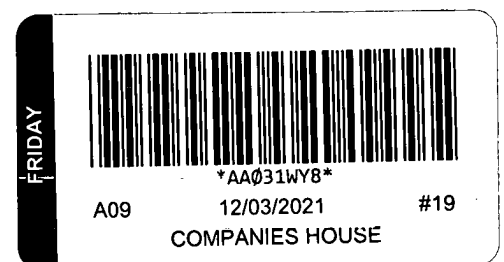
## **Big Issue Invest Limited**

Report and Financial Statements

Year Ended

31 March 2020

Company Number 04764982



# Big Issue Invest Limited

## Company Information

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<b>Directors</b>	W Taylor T West S Sachdeva P Bird A Clarke M Allen L Boothby S Redford M Simms
<b>Registered number</b>	04764982
<b>Registered office</b>	113-115 Fonthill Road London England N4 3HH
<b>Independent Auditor</b>	BDO LLP 55 Baker Street London W1U 7EU

# **Big Issue Invest Limited**

## **Contents**

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	<b>Page</b>
<b>Directors' Report</b>	<b>1 - 6</b>
<b>Independent Auditor's Report to the Members of Big Issue Invest Limited</b>	<b>7 - 9</b>
<b>Consolidated Statement of Comprehensive Income</b>	<b>10</b>
<b>Consolidated Statement of Financial Position</b>	<b>11</b>
<b>Company Statement of Financial Position</b>	<b>12 - 13</b>
<b>Consolidated Statement of Changes in Equity</b>	<b>14</b>
<b>Company Statement of Changes in Equity</b>	<b>15</b>
<b>Consolidated Statement of Cash Flows</b>	<b>16</b>
<b>Notes to the Financial Statements</b>	<b>17 - 37</b>

# **Big Issue Invest Limited**

## **Directors' Report for the Year Ended 31 March 2020**

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The directors present their report and the financial statements of Big Issue Invest Limited ("the company") and its subsidiaries (together "the group") for the year ended 31 March 2020.

### **Directors' responsibilities**

The directors are responsible for preparing 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and 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 profit for the year, after taxation, amounted to a loss of £27,757 (2019 - £251,899).

No dividend was paid during the year and the directors do not recommend payment of a dividend (2019 - £Nil).

### **Principal activity**

The principal activity of the company is the provision of investment finance to social enterprises in the United Kingdom.

### **Business review**

The Big Issue Group's mission is 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.

Big Issue Invest ("BII") supports this mission by providing finance to social ventures that help tackle poverty and inequality. In the process, BII has achieved significant milestones in terms of the amount and pace of our social enterprise investing activities, while the investees and other partners of Big Issue Invest are demonstrating substantial social outcomes of which it can be very proud.

# Big Issue Invest Limited

## Directors' Report (continued) for the Year Ended 31 March 2020

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### Highlights in 2019/20

BII provides mission driven organisations with the finance they need to achieve their social impact goals:

- In 2019/20 BII invested £6.4m in 60 organisations.
- Big Issue Invest Fund Management Ltd (BIFM) has committed £4.1 million through new transactions and has disbursed in total £2.5 million through its two active funds Social Enterprise Investment Fund II LP and Outcomes Investment Fund LP.

### Performance by business area

Over the course of 2019/20 BII made the following progress in its various lines of business:

#### Supporting early stage and start up social ventures

BII continued to provide support for early stage and start up ventures through its "Corporate Social Venturing" (CSV) program which supports ventures by:

- Making investments of up to £50,000 in the form of patient capital; and
- Providing business support and mentoring from one of our corporate partners

BII's two active programmes continued to grow and perform in the year to March 2020:

- CSV Power Up Scotland will provide total capital of £990,000 and support to 20 social enterprises. Partners engaged include Aberdeen Standard Investments, University of Edinburgh, and Scottish Government. Total investments during the year took the fund up to £290,000 disbursed.
- CSV Power Up Midlands launched in 2019. The program has secured funding from Power to Change, Experian, Ocado and Big Issue Invest Trust. 2020 saw this programme disburse £198,000 out of the £300,000 available for investment.

#### Supporting smaller scale social enterprises

BII makes loans to support smaller scale social enterprises with operating and capital investment needs.

During the period to 31 March 2020, BII disbursed £6.4m to 60 clients. Focus of activity during the year was:

- Making unsecured loans of under £150k by providing finance to social enterprises excluded from mainstream finance because of geography, risk profile or size of loan. BII continues to experience strong demand for this type of funding.
- Making loans to create affordable homes in London.
- BII now manages funds on behalf of The Access Foundation, Greater London Authority (GLA), Places for People Foundation and Regional Growth Fund (RGF).
- Since the project began in 2017 BII has fully deployed £5m of Access Growth Funds and recycled £2.5m of cash repaid, giving a total amount invested of £7.4m into 92 organisations.

The gross loan portfolio (before loan loss reserves) as at 31 March 2020 was £17m, an impressive 16% increase from £14.7m in the prior year. Key themes for our coming year are job preservation and creation employability skills, access to finance, diversity, equality and inclusion.

# Big Issue Invest Limited

## Directors' Report (continued) for the Year Ended 31 March 2020

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### Supporting more established social enterprises

BII makes larger, more patient investments into established, scalable organisations to enable them to grow. Investments of this nature are made through investment funds managed by BII's FCA authorised subsidiary company, BIIFM. The two funds which are currently actively investing are Big Issue Invest Social Enterprise Investment Fund II L.P. (SEIF II) and Big Issue Invest Outcomes Investment Fund L.P. (OIF), whilst the first fund Big Issue Invest Social Enterprise Investment Fund I L.P. (SEIF I) is managing the portfolio out and is disbursing the repaid capital back to the Limited Partners.

#### SEIF I

This fund is fully committed, and its final investment took place in October 2015 with a final capital disbursement in July 2017, leaving a modest reserve of capital for any potential follow on investments. As at 31 March 2020, SEIF I had made 25 investments into 21 different social enterprises for £8.73 million, representing 95% of the funds original committed capital.

SEIF I portfolio investments have been made in the following social impact areas:

- 40% supporting the delivery of health and social care
- 20% providing community and sustainable transport
- 15% tackling homelessness
- 14% supporting education and learning
- 8% promoting financial inclusion
- 3% providing employment and training services

SEIF I has continued to make periodic distributions of capital and income to investors, having returned about £6.3 million (69% of committed capital) to 31 March 2020. These distributions are made on a twice yearly basis except in the event of exceptionally large capital repayments, which will be distributed immediately. Since 31 March 2020 an additional distribution of about £0.19 million has been made. At the end of the year 2019 HCT experienced some difficulties and as a result that investment has been fully impaired as at 31 March 2020.

#### SEIF II

The fund launched with committed capital of £21 million in October 2015 and had a final close in June 2019 increasing the committed capital to just over £23.8 million. The fund completed one investment in 2019/20 into St Helena hospice with a £1.5 million commitment. Existing investee HCT, as mentioned above had to be impaired due to some difficulties. In March 2020 the fund's investment into Village Underground, an event space, had to stop all events until further notice due to COVID-19. This investment has consequently also been impaired. The entire portfolio has been managed closely by the team to evaluate any effects from COVID-19.

In the first 5.5 years since SEIF II was launched, BII has committed over £14.4 million capital, of which £1m is recyclable capital, resulting in over £13.4m committed in March 2020 representing circa 56% of the fund and disbursed £13m to fourteen different social enterprises.

SEIF II portfolio investments have been made in the following social impact areas:

- 41% promoting financial inclusion (21% of the total committed)
- 22% providing community and sustainable transport
- 13% supporting education and learning
- 13% supporting the delivery of health and social care
- 8% tackling homelessness
- 3% providing employment and training services

# Big Issue Invest Limited

## Directors' Report (continued) for the Year Ended 31 March 2020

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### Supporting more established social enterprises (continued)

#### OIF

The BII Outcomes Investment Fund (OIF) was launched in May 2017 with a first close of £10m. This fund is designed to provide working capital to enable charities and social enterprises to deliver payment by results contracts, further increasing the breadth of social impact that our investing activities are having.

The fund completed 7 investments in 2019/20 increasing the portfolio to 14 signed outcomes based contracts (OBCs). OIF has funded a further 4 social outcomes contracts through MHEP (Mental Health Employment Partnership). The OBCs within the portfolio tackle homelessness, mental health needs and "NEETs".

One of OIF's OBCs has not been achieving the envisaged impact and BII has taken the step to impair this investment until it is able to renegotiate terms of delivery with the commissioner. Covid-19 has impacted the delivery of most of OIF's outcomes contracts, but delivery has been maintained where appropriate contract terms have been negotiated with commissioners. This has meant that all OIF's OBC are continuing to deliver great interventions.

OIF has committed a total of £4.6 million into 14 OBCs and has disbursed £3.1 million until March 2020. The 14 OBCs are aiming to deliver outcomes values of £26.2 million. The diversity of the interventions are being delivered by a multiple of outcomes areas: Employment & Training; Education & Learning; Health & Social Care; Tackling Homelessness through Housing.

### Supporting larger organisations that support socially beneficial activities

BII has developed 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, co design the impact assessment frameworks for the funds. BII has an on going impact advisory role for each fund and the impact of these partnerships is twofold:

- Providing finance for organisations delivering on key impact goals aligned with the Sustainable Development Goals.
- Opening up access to social investment to a wider investor base including retail investors.

The Columbia Threadneedle Social Bond launched in January 2014. It offers a diversified corporate bond product which delivers both daily liquidity and a yield in line with mainstream corporate bond funds. The Fund invests in corporate and charity bonds that finance organisations delivering socially beneficial activities and more inclusive and sustainable economic development. Examples include bonds delivering outcomes housing, employment, education, financial inclusion and health. At March 2020, the fund had over £191m assets under management. BII publishes an independent annual impact report on the fund.

The Aberdeen Standard Investments UK Equity Impact – Employment Opportunities Fund launched in February 2018 with £5m seed capital. It aims to generate a financial return over the long term by investing in equities and equity related investments of companies that promote and implement good employment opportunities and practices. The impact criteria typically include paying above average wage rates, being located in deprived areas, offering training opportunities and / or employing young people. Typically, the majority of employees will be in the UK. The fund will follow an active engagement strategy, using its shareholder position to influence improvements in employer practices. The fund will produce an annual impact report in partnership with BII.

# **Big Issue Invest Limited**

## **Directors' Report (continued) for the Year Ended 31 March 2020**

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### **Research and consultancy**

In addition to its investing activities, BII pursues its mission of tackling poverty through its work in research and consultancy. The Rental Exchange is a major market transformation initiative, in partnership with Experian, that aims to help millions of low income tenants access more affordable credit, banking and other services by improving their credit scores through rent payment data sharing. In response to welfare reform changes, new products are being developed that are able to give social landlords greater insight to support tenants through these changes. BII manages the advisory group for the initiative and is raising awareness of the project with social landlords and the sector.

### **COVID-19 and 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.

### **Income from funds**

Whilst some of the businesses within the funds investment portfolios have been negatively impacted by COVID-19 this has no impact on the funds ability to make priority profit share payments to the General Partner (Big Issue Social Investments) and ultimately to Big Issue Invest.

### **Loan portfolio income**

This side of our business has suffered the most from COVID-19, as the organisations that owe us capital have had to lock down we've offered them capital and interest holidays to help manage them through this period, resulting in a reduction in interest income. Fortunately our creditors have extended the same payment holidays to us meaning that our overall profitability has not been affected. Our lending team have worked tirelessly with our loan recipients to help the ones that have been affected by COVID-19 to re-organise their businesses to better protect against the future impact of COVID-19.

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 the foreseeable future. Accordingly, the financial statements are presented on a going concern basis.

### **Directors**

The directors who served throughout the year were:

W Taylor  
T West  
S Sachdeva  
P Bird  
A Clarke

On 23 April 2020, M Simms, M Allen, L Boothby and S Redford were appointed as directors.

### **Qualifying third party indemnity provisions**

As permitted by the Articles of Association, the directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The group also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its directors.

# Big Issue Invest Limited

## Directors' Report (continued) for the Year Ended 31 March 2020

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### Disclosure of information to auditor

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.

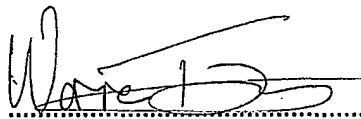
### Auditor

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

### Small companies regime

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

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



Director

Warren Taylor

Date:

1/3/21

# **Big Issue Invest Limited**

## **Independent Auditor's Report to the Members of Big Issue Invest Limited**

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### **Opinion**

We have audited the financial statements of Big Issue Invest Limited ("the parent company") and its subsidiaries ("the group") for the year ended 31 March 2020 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).

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 2020 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.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

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

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

# Big Issue Invest Limited

## Independent Auditor's Report to the Members of Big Issue Invest Limited (continued)

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### 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.

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

We have nothing to report in this regard.

### Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the directors' report for the financial year 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.

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

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

We have nothing to report in respect of the following matters 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.
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions from the requirement to prepare a strategic report.

# Big Issue Invest Limited

## Independent Auditor's Report to the Members of Big Issue Invest Limited (continued)

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### 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 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 company or to cease operations, or have no realistic alternative but to do so.

### 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.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council'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 Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

*BDO LLP*

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

Date: 2 March 2021

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

# Big Issue Invest Limited

## Consolidated Statement of Comprehensive Income for the Year Ended 31 March 2020

	Note	2020 £	2019 £
Turnover	4	2,984,769	2,844,849
<b>Gross profit</b>		<b>2,984,769</b>	<b>2,844,849</b>
Administrative expenses		(2,707,652)	(2,326,800)
<b>Operating profit</b>	5	<b>277,117</b>	<b>518,049</b>
Interest receivable and similar income	9	7,060	4,306
Interest payable and similar charges	10	(275,010)	(339,137)
<b>Profit before taxation</b>		<b>9,167</b>	<b>183,218</b>
Tax on profit	11	(36,924)	68,681
<b>(Loss)/profit for the financial year</b>		<b>(27,757)</b>	<b>251,899</b>

There was no other comprehensive income for 2020 (2019 - £NIL).

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

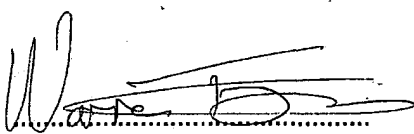
**Big Issue Invest Limited**  
Registered number:04764982

**Consolidated Statement of Financial Position**  
as at 31 March 2020

	Note	2020 £	2019 £
<b>Fixed assets</b>			
Intangible assets	12	3,865	3,865
Tangible assets	13	10,516	13,398
Investments	14	16,986,169	14,649,572
		<u>17,000,550</u>	<u>14,666,835</u>
<b>Current assets</b>			
Debtors	15	681,550	850,149
Cash and cash equivalents	16	2,814,308	5,343,565
		<u>3,495,858</u>	<u>6,193,714</u>
Creditors: amounts falling due within one year	17	(1,096,822)	(3,793,542)
<b>Net current assets</b>		<u>2,399,036</u>	<u>2,400,172</u>
<b>Total assets less current liabilities</b>		<u>19,399,586</u>	<u>17,067,007</u>
Creditors: amounts falling due after more than one year	18	(17,649,177)	(15,283,241)
<b>Provisions for liabilities</b>			
Deferred grants	21	(182,700)	(188,300)
<b>Net assets</b>		<u>1,567,709</u>	<u>1,595,466</u>
<b>Capital and reserves</b>			
Share capital	22	1	1
Profit and loss account	23	1,567,708	1,595,465
<b>Total equity</b>		<u>1,567,709</u>	<u>1,595,466</u>

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:

  
Director

Warren Taylor

Date: 1/3/21

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

# Big Issue Invest Limited

Registered number:04764982

## Company Statement of Financial Position as at 31 March 2020

	Note	2020 £	2019 £
<b>Fixed assets</b>			
Intangible assets	12	3,865	3,865
Tangible assets	13	10,516	13,398
Investments	14	11,422,711	9,099,594
		<u>11,437,092</u>	<u>9,116,857</u>
<b>Current assets</b>			
Debtors	15	421,220	368,705
Cash and cash equivalents	16	1,332,636	3,464,346
		<u>1,753,856</u>	<u>3,833,051</u>
Creditors: amounts falling due within one year	17	(209,914)	(1,955,769)
<b>Net current assets</b>		<u>1,543,942</u>	<u>1,877,282</u>
<b>Total assets less current liabilities</b>		<u>12,981,034</u>	<u>10,994,139</u>
Creditors: amounts falling due after more than one year	18	(11,746,182)	(9,862,010)
<b>Provisions for liabilities</b>			
Deferred grants	21	(182,700)	(188,300)
<b>Net assets</b>		<u>1,052,152</u>	<u>943,829</u>
<b>Capital and reserves</b>			
Share capital	22	1	1
Profit and loss account	23	1,052,151	943,828
<b>Total equity</b>		<u>1,052,152</u>	<u>943,829</u>

## Big Issue Invest Limited

Registered number: 04764982

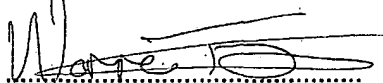
### Company Statement of Financial Position (continued) as at 31 March 2020

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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 profit after tax of the company for the year was 108,323 (2019 - £18,321).

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:



Director

Warren Taylor

Date:

1/3/21

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

# Big Issue Invest Limited

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

	Share capital £	Profit and loss account £	Total equity £
At 1 April 2019	1	1,595,465	1,595,466
<b>Comprehensive income for the year</b>			
Loss for the year	-	(27,757)	(27,757)
<b>At 31 March 2020</b>	<b>1</b>	<b>1,567,708</b>	<b>1,567,709</b>

## Consolidated Statement of Changes in Equity for the Year Ended 31 March 2019

	Share capital £	Profit and loss account £	Total equity £
At 1 April 2018	1	1,343,566	1,343,567
<b>Comprehensive income for the year</b>			
Profit for the year	-	251,899	251,899
<b>At 31 March 2019</b>	<b>1</b>	<b>1,595,465</b>	<b>1,595,466</b>

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

# Big Issue Invest Limited

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

	Share capital £	Profit and loss account £	Total equity £
At 1 April 2019	1	943,828	943,829
<b>Comprehensive income for the year</b>			
Profit for the year	-	108,323	108,323
<b>At 31 March 2020</b>	<b>1</b>	<b>1,052,151</b>	<b>1,052,152</b>

## Company Statement of Changes in Equity for the Year Ended 31 March 2019

	Share capital £	Profit and loss account £	Total equity £
At 1 April 2018	1	925,507	925,508
<b>Comprehensive income for the year</b>			
Profit for the year	-	18,321	18,321
<b>At 31 March 2019</b>	<b>1</b>	<b>943,828</b>	<b>943,829</b>

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

# Big Issue Invest Limited

## Consolidated Statement of Cash Flows for the Year Ended 31 March 2020

	2020 £	2019 £
<b>Cash flows from operating activities</b>		
Profit for the financial year	(27,757)	251,899
<b>Adjustments for:</b>		
Amortisation of intangible assets	-	2,135
Depreciation of tangible assets	5,558	8,000
Reversal of impairment charge on fixed asset investments	(13,000)	(5,193)
Interest charged to the income statement	275,010	339,137
Interest credited to the income statement	(7,060)	(4,306)
Taxation charged/(credited) to the income statement	36,924	(68,681)
Decrease/(increase) in debtors	8,237	(151,274)
(Decrease)/increase in creditors	(664,596)	438,775
Decrease in provisions	(5,600)	(5,000)
Tax paid	166,021	5,919
<b>Net cash generated from operating activities</b>	<b>(226,263)</b>	<b>811,411</b>
<b>Cash flows from investing activities</b>		
Purchase of intangible fixed assets	-	(6,000)
Purchase of tangible fixed assets	(2,676)	-
Interest received	7,060	4,306
Loan investments granted	(4,827,274)	(4,824,718)
Loan investments repaid	2,503,677	4,061,546
<b>Net cash from investing activities</b>	<b>(2,319,213)</b>	<b>(764,866)</b>
<b>Cash flows from financing activities</b>		
New secured loans	59,724	1,855,429
Other new loans	231,505	250,170
Interest paid	(275,010)	(339,137)
<b>Net cash used in financing activities</b>	<b>16,219</b>	<b>1,766,462</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(2,529,257)</b>	<b>1,813,007</b>
Cash and cash equivalents at beginning of year	5,343,565	3,530,558
<b>Cash and cash equivalents at the end of year</b>	<b>2,814,308</b>	<b>5,343,565</b>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	2,814,308	5,343,565

# Big Issue Invest Limited

## Notes to the Financial Statements for the Year Ended 31 March 2020

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### 1. General information

Big Issue Invest Limited (the 'Company') is a private company, limited by shares, incorporated in England & Wales under the Companies Act 2006. The address of the registered office is given on the company information page and the nature of the company's operations and its principal activities are set out in the directors' report.

### 2. Accounting policies

#### 2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention 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).

#### Parent company disclosure exemptions

In preparing the separate financial statements of the parent company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- No statement of cash flows has been presented for the parent company;

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 company.

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.

# Big Issue Invest Limited

## Notes to the Financial Statements for the Year Ended 31 March 2020

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### 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 14 of the financial statements.

The group consolidates its attributable proportion of the assets and income of the Social Enterprise Investment Funds and Outcomes Investment Fund which it manages as General Partners on the basis that the General Partners control the Social Enterprise Investment Funds and 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 COVID-19 and 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.

##### Income from funds

Whilst some of the businesses within the funds investment portfolios have been negatively impacted by COVID-19 this has no impact on the funds ability to make priority profit share payments to the General Partner (Big Issue Social Investments) and ultimately to Big Issue Invest.

##### Loan portfolio income

This side of our business has suffered the most from COVID-19, as the organisations that owe us capital have had to lock down we've offered them capital and interest holidays to help manage them through this period, resulting in a reduction in interest income. Fortunately our creditors have extended the same payment holidays to us meaning that our overall profitability has not been affected. Our lending team have worked tirelessly with our loan recipients to help the ones that have been affected by COVID-19 to re-organise their businesses to better protect against the future impact of COVID-19.

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 the foreseeable future. Accordingly, the financial statements are presented on a going concern basis.

# Big Issue Invest Limited

## Notes to the Financial Statements for the Year Ended 31 March 2020

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### 2. Accounting policies (continued)

#### 2.4 Turnover

Turnover represents loan fees, interest and royalties receivable, management services and consulting fees, and grant income.

Turnover is recognised as earned and when receivable in accordance with underlying investment management agreements. The group is entitled to an annual priority profit share from its role as General Partner in the Big Issue Invest Social Enterprise Investment Fund L.P, Big Issue Invest Social Enterprise Investment Fund II L.P and Big Issue Invest Outcomes Investment Fund L.P. In certain circumstances the annual priority profit share is advanced to the group in the form of a non-recourse loan. Since there are no circumstances under which the group could be required to repay the non-recourse loan, income arising from the annual priority profit share is recognised in the year it relates to irrespective of whether advanced as a non recourse loan or as a profit share.

#### 2.5 Government and revenue grants

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

#### 2.6 Donations

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

#### 2.7 Intangible assets

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

#### 2.8 Tangible fixed assets

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

The group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

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

Depreciation is provided on the following basis:

Computer equipment	-	4 years
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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 the consolidated statement of comprehensive income.

# Big Issue Invest Limited

## Notes to the Financial Statements for the Year Ended 31 March 2020

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### 2. Accounting policies (continued)

#### 2.9 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.

#### 2.10 Investments

Investments in subsidiaries are measured at cost less accumulated impairment.

#### 2.11 Debtors and loan stock

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

#### 2.12 Cash and cash equivalents

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

In the consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the group's cash management.

#### 2.13 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.

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.

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

# **Big Issue Invest Limited**

## **Notes to the Financial Statements for the Year Ended 31 March 2020**

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### **2. Accounting policies (continued)**

#### **2.13 Financial instruments (continued)**

investment purposes which are repayable subject to capital and interest returns being received by the group. These are considered to be concessionary loans, and so have been measured, initially and subsequently, at the undiscounted amount of cash received.

#### **2.14 Creditors**

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

#### **2.15 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.

#### **2.16 Pensions**

##### **Defined contribution pension plan**

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

#### **2.17 Interest income**

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

# Big Issue Invest Limited

## Notes to the Financial Statements for the Year Ended 31 March 2020

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### 2. Accounting policies (continued)

#### 2.18 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.

#### 2.19 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

# Big Issue Invest Limited

## Notes to the Financial Statements for the Year Ended 31 March 2020

### 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:

- 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 (see note 15)  
Significant judgements and estimates have been used in the calculation of provisions which are deducted from financial investments. These provisions are calculated by applying impairments to financial investments after assessing their likelihood of default. In respect of financial investments, the total provision applied to the financial investments this financial year is £37,000 (2019: £50,000).

### 4. Turnover

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

	2020 £	2019 £
Arrangement fee income	19,677	67,910
Consultancy income	282,951	335,340
Grant income	978,966	704,855
Loan interest income	754,902	762,740
Management fees	34,000	31,000
Income from other investments	914,273	943,004
	<b>2,984,769</b>	<b>2,844,849</b>

Included in Grant Income is a £10,000 grant received from the Barrow Cadbury Fund for the purpose of developing innovation through robust product development.

All turnover arose within the United Kingdom.

# Big Issue Invest Limited

## Notes to the Financial Statements for the Year Ended 31 March 2020

### 5. Operating profit

The operating profit is stated after charging:

	2020 £	2019 £
Amortisation of intangible fixed assets (see note 12)	-	2,135
Depreciation of tangible fixed assets (see note 13)	5,558	8,000
	<u>5,558</u>	<u>8,000</u>

### 6. Auditor's remuneration

	2020 £	2019 £
Fees payable to the group's auditor and its associates for the audit of the group's annual accounts	6,732	5,392
Fees payable to the group's auditor and its associates for the audit of the company's subsidiaries' annual accounts	17,361	11,817
<b>Fees payable to the group's auditor and its associates in respect of:</b>		
All other services	9,216	16,014
	<u>9,216</u>	<u>16,014</u>

### 7. Employees

	2020 £	2019 £
Wages and salaries	1,214,156	1,092,985
Social security costs	102,814	113,577
Cost of defined contribution scheme	32,659	34,443
	<u>1,349,629</u>	<u>1,241,005</u>

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

	2020 No.	2019 No.
	21	20
	<u>21</u>	<u>20</u>

# Big Issue Invest Limited

## Notes to the Financial Statements for the Year Ended 31 March 2020

### 8. Directors' remuneration

	2020 £	2019 £
Directors' emoluments	48,995	61,831
Company contributions to defined contribution pension schemes	1,046	16,225
	<u>50,041</u>	<u>78,056</u>

During the year retirement benefits were not accruing to a director (2019 - 1) in respect of defined contribution pension schemes.

### 9. Interest receivable and similar income

	2020 £	2019 £
Bank interest receivable	<u>7,060</u>	<u>4,306</u>

### 10. Interest payable and similar charges

	2020 £	2019 £
Bank interest payable	<u>275,010</u>	<u>339,137</u>

# Big Issue Invest Limited

## Notes to the Financial Statements for the Year Ended 31 March 2020

### 11. Taxation

	2020 £	2019 £
Current tax on profits for the year	-	-
Adjustments in respect of previous periods	-	(39,283)
<b>Total current tax</b>	<b>-</b>	<b>(39,283)</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	45,903	(32,602)
Changes to tax rates	(12,803)	-
Adjustments in respect of prior periods	3,824	3,204
<b>Total deferred tax</b>	<b>36,924</b>	<b>(29,398)</b>
<b>Taxation on profit/(loss) on ordinary activities</b>	<b>36,924</b>	<b>(68,681)</b>

#### Factors affecting tax charge for the year

The tax assessed for the year is lower than (2019 - lower than) the standard rate of corporation tax in the UK of 19.00% (2019 - 19.00%). The differences are explained below:

	2020 £	2019 £
Profit on ordinary activities before tax	9,167	183,218
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2019 - 19.00%)	1,742	34,811
<b>Effects of:</b>		
Expenses not deductible for tax purposes	407	(148)
Adjust closing deferred tax to average rate	-	16,496
Adjust opening deferred tax to average rate	-	(12,661)
Non-taxable income	(155,870)	(191,129)
Remeasurement of deferred tax for changes in tax rates	(12,804)	-
Group relief	1,130	-
Deferred tax not recognised	198,495	-
Adjustments in respect of prior periods	-	(39,283)
Adjustments in respect of prior periods (deferred tax)	3,824	3,204
Other tax adjustments, reliefs and transfers	-	120,029
<b>Total tax charge for the year</b>	<b>36,924</b>	<b>(68,681)</b>

# Big Issue Invest Limited

## Notes to the Financial Statements for the Year Ended 31 March 2020

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### 11. Taxation (continued)

#### Factors that may affect future tax charges

The U.K. government announced in its budget on 11 March 2020 that the U.K. corporation tax main rate, which was due to decrease from 19.0% to 17.0% from 1 April 2020, will now remain at 19.0%. This will result in the U.K. corporation tax rate applicable to the Company remaining at 19.0% from 1 April 2020.

### 12. Intangible assets

#### Group and Company

	Website development £
<b>Cost</b>	
At 1 April 2019	6,000
At 31 March 2020	6,000
<b>Amortisation</b>	
At 1 April 2019	2,135
At 31 March 2020	2,135
<b>Net book value</b>	
At 31 March 2020	3,865
At 31 March 2019	3,865

# Big Issue Invest Limited

## Notes to the Financial Statements for the Year Ended 31 March 2020

### 13. Tangible fixed assets

#### Group and Company

	Computer equipment £
<b>Cost</b>	
At 1 April 2019	40,634
Additions	2,676
At 31 March 2020	<u>43,310</u>
<b>Depreciation</b>	
At 1 April 2019	27,236
Charge for the year	5,558
At 31 March 2020	<u>32,794</u>
<b>Net book value</b>	
At 31 March 2020	<u>10,516</u>
At 31 March 2019	<u>13,398</u>

# Big Issue Invest Limited

## Notes to the Financial Statements for the Year Ended 31 March 2020

### 14. Investments

#### Group

	Loans to subsidiaries £
<b>Cost or valuation</b>	
At 1 April 2019	14,699,572
Additions	6,403,003
Disposals	(3,575,804)
Amounts written off	(503,602)
At 31 March 2020	<u>17,023,169</u>
<b>Impairment</b>	
At 1 April 2019	50,000
Charge for the period	(13,000)
At 31 March 2020	<u>37,000</u>
<b>Net book value</b>	
At 31 March 2020	<u><u>16,986,169</u></u>
At 31 March 2019	<u><u>14,649,572</u></u>

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

# Big Issue Invest Limited

## Notes to the Financial Statements for the Year Ended 31 March 2020

### 14. Investments (continued)

#### Company

	Shares in subsidiary undertakings £	Loan stock £	Total £
<b>Cost or valuation</b>			
At 1 April 2019	37,770	9,111,824	9,149,594
Additions	-	4,049,767	4,049,767
Disposals	-	(1,597,991)	(1,597,991)
Amounts written off	-	(141,659)	(141,659)
At 31 March 2020	37,770	11,421,941	11,459,711
<b>Impairment</b>			
At 1 April 2019	-	50,000	50,000
Charge for the period	-	(13,000)	(13,000)
At 31 March 2020	-	37,000	37,000
<b>Net book value</b>			
At 31 March 2020	37,770	11,384,941	11,422,711
At 31 March 2019	37,770	9,061,824	9,099,594

# Big Issue Invest Limited

## Notes to the Financial Statements for the Year Ended 31 March 2020

### 14. Investments(continued)

#### Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Country of incorporation	Class of shares	Holding	Principal activity
Big Issue Invest Corporate Social Venturing Limited	England and Wales	Ordinary	100%	Financing of social enterprises
Big Issue Invest Fund Management Ltd	England and Wales	Ordinary	100%	Fund management
Big Issue Social Investments Limited	England and Wales	Ordinary	100%	Investment financing
Big Issue Invest Outcomes Investment Fund LP	England and Wales	N/A	-%	Fund
Big Issue Invest Social Enterprise Investment Fund I LP	England and Wales	N/A	-%	Fund
Big Issue Invest Social Enterprise Investment Fund II LP	England and Wales	N/A	-%	Fund
Big Issue Access Limited	England and Wales	Ordinary	100%	Financing of social impact organisations
Big Issue Invest Scotland Limited	Scotland	Ordinary	100%	Dormant

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

All entities have the same registered office address as the company (see company information page) aside from Big Issue Invest Scotland Limited. Its registered address is 31 Queensferry Street, Edinburgh, Scotland, EH2 4QS.

# Big Issue Invest Limited

## Notes to the Financial Statements for the Year Ended 31 March 2020

### 15. Debtors

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Trade debtors	1,794	145,051	1,794	6,300
Amounts owed by group undertakings	-	-	36,763	52,443
Other debtors	93,649	11,019	46,360	9,062
Prepayments and accrued income	176,850	132,452	124,480	74,800
Tax recoverable	141,336	263,926	-	-
Deferred taxation (see note 20)	103,286	140,210	90,387	104,946
Loan interest receivable	164,635	157,491	121,436	121,154
	<b>681,550</b>	<b>850,149</b>	<b>421,220</b>	<b>368,705</b>

All amounts owed under debtors fall due for payment within one year.

Amounts owed to group undertakings are unsecured, non-interest bearing and repayable on demand.

### 16. Cash and cash equivalents

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Cash at bank and in hand	2,814,308	5,343,565	1,332,636	3,464,346

Of the cash at bank and in hand for the group at year-end £1,972,895 (2019 - £4,378,828) is committed for use in lending to social impact organisations.

# Big Issue Invest Limited

## Notes to the Financial Statements for the Year Ended 31 March 2020

### 17. Creditors: Amounts falling due within one year

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Bank loans	-	1,708,771	-	1,708,771
Other loans	37,813	153,198	-	-
Trade creditors	91,721	93,972	32,651	35,097
Amounts owed to group undertakings	-	-	19,768	49,229
Amounts owed to other participating interests	140,409	263,926	-	-
Corporation tax	12,022	35	-	-
Other taxation and social security	-	21,923	-	-
Other creditors	67,950	673,290	60,446	43,290
Accruals and deferred income	746,907	878,427	97,049	119,382
	<b>1,096,822</b>	<b>3,793,542</b>	<b>209,914</b>	<b>1,955,769</b>

Amounts owed to group undertakings are unsecured, non-interest bearing and repayable on demand.

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

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Bank loans	9,757,928	7,747,211	9,757,928	7,747,211
Other loans	978,301	631,411	-	-
Other creditors	2,851,872	3,094,094	-	-
Accruals and deferred income	4,061,076	3,810,525	1,988,254	2,114,799
	<b>17,649,177</b>	<b>15,283,241</b>	<b>11,746,182</b>	<b>9,862,010</b>

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

As at 31 March 2020 the company had 4 loans outstanding (2019 - 5). Bank loans of £1,273,735 (2019 - £725,000) reach final maturity in 2023 and attract an interest rate of between 4% + base rate. Other loans of £8,484,193 (2019 - £8,730,000) reach final maturity between 2023 and 2026 and attract an interest rate of between 0% and 6.25%. Bank loan instalment repayments of £962,500 (2019 - £1,175,000) were made during the year. The company has taken advantage of the public benefit exemption and has not applied a commercial rate of interest, required under FRS 102 to these loans.

# Big Issue Invest Limited

## Notes to the Financial Statements for the Year Ended 31 March 2020

### 19. Financial instruments

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
<b>Financial assets</b>				
Financial assets measured at fair value through profit or loss	-	-	-	-
Financial assets that are debt instruments measured at amortised cost	20,179,987	20,377,787	13,040,362	12,786,218
	<u>20,179,987</u>	<u>20,377,787</u>	<u>13,040,362</u>	<u>12,786,218</u>
<b>Financial liabilities</b>				
Financial liabilities measured at amortised cost	(14,555,757)	(14,798,493)	(9,951,037)	(9,659,155)
	<u>(14,555,757)</u>	<u>(14,798,493)</u>	<u>(9,951,037)</u>	<u>(9,659,155)</u>

Financial assets measured at amortised cost comprise cash and cash equivalents, trade and other debtors, amounts owed by group undertakings, 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.

# Big Issue Invest Limited

## Notes to the Financial Statements for the Year Ended 31 March 2020

### 20. Deferred taxation

#### Group

	2020 £	2019 £
At beginning of year	140,210	110,812
Charged to profit or loss	(36,924)	29,398
<b>At end of year</b>	<b>103,286</b>	<b>140,210</b>

#### Company

	2020 £	2019 £
At beginning of year	104,946	107,464
Charged to profit or loss	(14,559)	(2,518)
<b>At end of year</b>	<b>90,387</b>	<b>104,946</b>

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Accelerated capital allowances	(1,371)	(1,371)	(1,467)	(1,554)
Tax losses carried forward and other deductions	104,657	141,581	91,854	106,500
	<b>103,286</b>	<b>140,210</b>	<b>90,387</b>	<b>104,946</b>

### 21. Deferred grants

#### Group

	£
At 1 April 2019	188,300
Utilised in year	(5,600)
<b>At 31 March 2020</b>	<b>182,700</b>

# Big Issue Invest Limited

## Notes to the Financial Statements for the Year Ended 31 March 2020

### 22. Share capital

	2020 £	2019 £
<b>Allotted, called up and fully paid</b>		
1 Ordinary A share of £1.00	<u>1</u>	<u>1</u>

### 23. Reserves

#### Share capital

Called up share capital reserve represents the nominal value of the shares issued.

#### Profit and loss account

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

### 24. 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 £32,659 (2019 - £34,443). Contributions totalling £Nil (2019 - £Nil) were payable to the fund at the reporting date and are included in creditors.

### 25. Contingent liabilities

Included within other loans and deferred grants (see note 18) are funds specifically received to invest in social enterprises. At 31 March 2020 there are other loans of £503,300 (2019 - £631,411) and deferred grants of £Nil (2019 - £60,803) which are repayable out of the capital and interest repayments on the associated investments. If the capital and interest repayment exceed the grants received, then the company has an obligation to transfer a proportion of the surplus to the loan and grant funders. It is not anticipated that any material liabilities will arise from this contingent liability.

# Big Issue Invest Limited

## Notes to the Financial Statements for the Year Ended 31 March 2020

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### 26. Related party transactions

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

During the year, the company received management fees of £24,000 (2019 - £21,000) 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 £28,589 (2019 - £8,589) from Big Issue Invest Trust and Big Issue Invest Limited owes £Nil (2019 - £Nil) to Big Issue Invest Trust.

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. £77,787 (2019 - £101,012) was received from Big Issue Invest Social Enterprise Investment Fund I LP, £585.872 (2019 - £591,992) was received from Big Issue Invest Social Enterprise Investment Fund II LP and £250,515 (2019 - £250,000) 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 services provided to the group was £50,041 (2019 - £78,056).

### 27. Controlling party

The immediate and ultimate parent undertaking and controlling party is The Big Issue Group Limited, a private company limited by guarantee, incorporated in Great Britain and registered in England and Wales. The Big Issue Group Limited is the parent undertaking of the smallest and largest group of undertakings to consolidate these financial statements at 31 March 2020. The consolidated financial statements of The Big Issue Group Limited are available from the company's registered office at 113 - 115 Fonthill Road, Finsbury Park, London, N4 3HH.