

Big Issue Invest Limited

Report and Financial Statements

Year Ended

31 March 2021

Company Number 04764982

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Big Issue Invest Limited

Company Information

Directors

W Taylor
T West
S Sachdeva
P Bird
A Clarke
M Allen
L Boothby
S Redford
M Simms

Registered number

04764982

Registered office

113-115 Fonthill Road
London
England
N4 3HH

Independent Auditor

BDO LLP
55 Baker Street
London
W1U 7EU

Big Issue Invest Limited

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Big Issue Invest Limited

Directors' Report for the Year Ended 31 March 2021

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 2021.

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.

Principal activity

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

Results and dividends

The profit for the year, after taxation, amounted to a profit of £131,785 (2020 - loss £27,757).

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

Business review

The Big Issue Group's mission is to build a world that works for everyone. We challenge, innovate and create 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.

Highlights in 2020/21

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

- In 2020/21 BII Invested £8.7m in 41 organisations
- Big Issue Invest Fund Management Ltd (BIFM) has committed £7.1 million through new transactions and has disbursed in total £7.0 million through its two active funds Social Enterprise Investment Fund II LP and Outcomes Investment Fund LP.

Big Issue Invest Limited

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

Performance by business area

Over the course of 2020/21 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 2021:

- 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 £492,500 disbursed.
- CSV Power Up Midlands launched in 2019. The program has secured funding from Power to Change, Experian, Ocado and Big Issue Invest Trust. 2021 saw this programme increase total disbursements to £257,500 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 2021, BII disbursed £1.5m to 22 clients. Focus of activity during the year was:

- Making unsecured loans, typically 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 makes loans with money from The Access Foundation, Esmée Fairbairn Foundation Greater London Authority (GLA), Places for People Foundation and Regional Growth Fund (RGF).

The gross loan portfolio (before loan loss reserves) as at 31 March 2021 was £16m. 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 2021

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 2021,

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 £7.2 million (78% of committed capital) to 31 March 2021. 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 £0.89 million has been made. At the end of the year 2019 HCT experienced some difficulties and with recent development the impairment has been adjusted to 80% as at 31 March 2021.

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 two investments in 2020/21 a follow on investment into Five Lamps Trading and into Homes for Good with a total of £3.8 million committed. At 31 March 2021 SEIF II had not only impaired HCT and Village Underground, but made further impairments of Five Lamp and Moneyline, two of our CDFIs who have been impacted by the pandemic. The entire portfolio is being closely managed by the team to support the fund and its investees from any effects of COVID-19.

In the first 5.5 years since SEIF II was launched, BII has committed £18.2 million capital, of which £1m is recyclable capital, representing circa 76% in March 2021 of the fund and disbursed £16.6 million to 16 different social enterprises.

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

- 30% supporting the delivery of health and social care
- 36% promoting financial inclusion (26% of the total committed)
- 16% providing community and sustainable transport
- 9% supporting education and learning
- 7% tackling homelessness
- 2% providing employment and training services

Big Issue Invest Limited

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

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 5 investments in 2020/21 increasing the portfolio to 20 signed outcomes based contracts (OBCs). OIF has funded one further social outcomes contracts through MHEP (Mental Health Employment Partnership) and 4 further OBCs. The OBCs within the portfolio tackle homelessness, mental health needs, Ex-offenders, addiction issues 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 £8.0 million into 20 OBCs and has disbursed £6.6 million until March 2021. The 20 OBCs are aiming to deliver outcomes values of £53.2 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 2021 the fund has over £331m 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 produces an annual impact report in partnership with BII.

Big Issue Invest Limited

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

Research and consultancy

In addition to its investing activities, BII pursues its mission of tackling poverty through its work in research and consultancy. BII has launched the 'Beyond the Cheque Initiative' (BTCI), funded by Esmée Fairbairn Foundation and Access: The Foundation for Social Investment. BTCI aims to support the social investment sector to understand the cost effectiveness of Technical Assistance and therefore improve how we support social enterprises to generate impact. Secondly, in partnership with UnLtd: The Foundation for Social Enterprises and Social Value UK, BII has started a Diversity, Equality and Inclusion (DEI) baseline measurement tool (funded by Big Society Capital) to support social enterprises to better understand their practices, representation and growth areas.

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 at least 12 months from the date of approval of these financial statements. Accordingly, the financial statements are presented on a going concern basis.

Other COVID-19 Pandemic support

CBILS loans

During the year we wrote Corona Virus Business Interruption Loan Scheme (CIBILS) loans for the Resilience and Recovery Loan Fund, operated by the Social Investment Business. These government backed loans enabled Big Issue Invest to continue to support our social enterprise and charity client base, at a time when they had a strong need for finance.

<u>Number of loans</u>	<u>Value of loans</u>	<u>Number of grants</u>	<u>Value of grants</u>	<u>Total funding (grants + loans)</u>
20	£5,507,000	9	£787,000	£6,294,000

Big Issue Invest Limited

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

Social Enterprise Support Fund I

During the year, BII distributed £3.2 million of grants to 118 social enterprises and charities across the UK. The funding aimed to alleviate the sector's immediate liquidity crisis and to enable social businesses continue providing essential support to those hardest hit by Covid-19. The fund prioritized diverse-led social businesses serving communities that face long-term structural disadvantages.

Together, these schemes provided support to the sector we serve during the pandemic, with Big Issue Invest able to distribute £9.5m to our sector, over and above what we would have been able to do with existing resources.

Directors

The directors who served throughout the year were:

W Taylor
T West
S Sachdeva
P Bird
A Clarke
M Allen (appointed 23 April 2020)
L Boothby (appointed 23 April 2020)
S Redford (appointed 23 April 2020)
M Simms (appointed 23 April 2020)

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.

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.

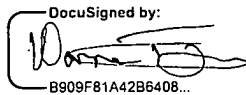
Small companies regime

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

Big Issue Invest Limited

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

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

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Warren Taylor
Director

Date: 22/12/2021 | 16:27:36 GMT

Big Issue Invest Limited

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

Opinion

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 March 2021 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Big Issue Invest Limited (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 March 2021 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statement of Financial Position, the Consolidated and Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

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

Independence

We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

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

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

Big Issue Invest Limited

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

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other Companies Act 2006 reporting

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

- the information given in the Directors' report for the financial 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.

In the light of the knowledge and understanding of the group and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and 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; or
- the Directors were not entitled to prepare the financial statement 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)

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

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

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

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

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

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

Big Issue Invest Limited

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

Use of our report

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

DocuSigned by:

Vanessa Bradley

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Vanessa-Jayne Bradley (Senior Statutory Auditor)

For and on behalf of **BDO LLP**, Statutory Auditor

London

United Kingdom

Date: 23 December 2021

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

Big Issue Invest Limited

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

	Note	2021 £	2020 £
Turnover	4	2,549,206	2,984,769
Gross profit		2,549,206	2,984,769
Administrative expenses		(2,240,196)	(2,707,652)
Operating profit	5	309,010	277,117
Interest receivable and similar income	9	-	7,060
Interest payable and similar charges	10	(113,226)	(275,010)
Profit before taxation		195,784	9,167
Tax on profit	11	(63,999)	(36,924)
Profit/(loss) for the financial year		131,785	(27,757)

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

The notes on pages 19 to 39 form part of these financial statements.

Big Issue Invest Limited

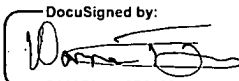
Registered number:04764982

**Consolidated Statement of Financial Position
as at 31 March 2021**

	Note	2021 £	2020 £
Fixed assets			
Intangible assets	12	3,865	3,865
Tangible assets	13	4,591	10,516
Investments	14	15,846,999	16,986,169
		<u>15,855,455</u>	<u>17,000,550</u>
Current assets			
Debtors	15	343,765	681,550
Cash and cash equivalents	16	3,859,489	2,814,308
		<u>4,203,254</u>	<u>3,495,858</u>
Creditors: amounts falling due within one year	17	(1,727,217)	(1,096,822)
Net current assets		<u>2,476,037</u>	<u>2,399,036</u>
Total assets less current liabilities		<u>18,331,492</u>	<u>19,399,586</u>
Creditors: amounts falling due after more than one year	18	(16,449,298)	(17,649,177)
Provisions for liabilities			
Deferred grants	21	(182,700)	(182,700)
Net assets		<u><u>1,699,494</u></u>	<u><u>1,567,709</u></u>
Capital and reserves			
Share capital	22	1	1
Profit and loss account	23	1,699,493	1,567,708
		<u><u>1,699,494</u></u>	<u><u>1,567,709</u></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:

DocuSigned by:
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Warren Taylor
Director

Date: 22/12/2021 | 16:27:36 GMT

The notes on pages 19 to 39 form part of these financial statements.

Big Issue Invest Limited

Registered number:04764982

**Company Statement of Financial Position
as at 31 March 2021**

	Note	2021 £	2020 £
Fixed assets			
Intangible assets	12	3,865	3,865
Tangible assets	13	4,591	10,516
Investments	14	10,761,424	11,422,711
		<u>10,769,880</u>	<u>11,437,092</u>
Current assets			
Debtors	15	293,820	421,220
Cash and cash equivalents	16	1,983,754	1,332,636
		<u>2,277,574</u>	<u>1,753,856</u>
Creditors: amounts falling due within one year	17	(235,727)	(209,914)
Net current assets		<u>2,041,847</u>	<u>1,543,942</u>
Total assets less current liabilities		<u>12,811,727</u>	<u>12,981,034</u>
Creditors: amounts falling due after more than one year	18	(11,359,074)	(11,746,182)
Provisions for liabilities			
Deferred grants	21	(182,700)	(182,700)
Net assets		<u>1,269,953</u>	<u>1,052,152</u>
Capital and reserves			
Share capital	22	1	1
Profit and loss account	23	1,269,952	1,052,151
Total equity		<u>1,269,953</u>	<u>1,052,152</u>

Big Issue Invest Limited

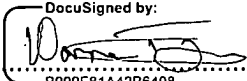
Registered number:04764982

Company Statement of Financial Position (continued) as at 31 March 2021

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 £217,801 (2020 - £108,323).

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:

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Warren Taylor
Director

Date: 22/12/2021 | 16:27:36 GMT

The notes on pages 19 to 39 form part of these financial statements.

Big Issue Invest Limited

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

	Share capital £	Profit and loss account £	Total equity £
At 1 April 2020	1	1,567,708	1,567,709
Comprehensive income for the year			
Profit for the year	-	131,785	131,785
At 31 March 2021	1	1,699,493	1,699,494

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
Comprehensive income for the year			
Loss for the year	-	(27,757)	(27,757)
At 31 March 2020	1	1,567,708	1,567,709

The notes on pages 19 to 39 form part of these financial statements.

Big Issue Invest Limited

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

	Share capital £	Profit and loss account £	Total equity £
At 1 April 2020	1	1,052,151	1,052,152
Comprehensive income for the year			
Profit for the year	-	217,801	217,801
At 31 March 2021	<u>1</u>	<u>1,269,952</u>	<u>1,269,953</u>

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
Comprehensive income for the year			
Profit for the year	-	108,323	108,323
At 31 March 2020	<u>1</u>	<u>1,052,151</u>	<u>1,052,152</u>

The notes on pages 19 to 39 form part of these financial statements.

Big Issue Invest Limited

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

	2021 £	2020 £
Cash flows from operating activities		
Profit for the financial year	131,785	(27,757)
Adjustments for:		
Depreciation of tangible assets	7,198	5,558
Reversal of impairment charge on fixed asset investments	-	(13,000)
Interest charged to the income statement	113,226	275,010
Interest credited to the income statement	-	(7,060)
Taxation charge	63,999	36,924
Decrease in debtors	133,028	8,237
(Decrease) in creditors	(172,268)	(664,596)
Increase/(decrease) in provisions	-	(5,600)
Corporation tax received	129,317	166,021
Investments written off	91,208	-
Net cash generated from operating activities	497,493	(226,263)
Cash flows from investing activities		
Purchase of tangible fixed assets	(1,273)	(2,676)
Interest received	-	7,060
Loan investments granted	(1,792,291)	(4,827,274)
Loan investments repaid	2,840,253	2,503,677
Net cash from investing activities	1,046,689	(2,319,213)
Cash flows from financing activities		
New secured loans	-	59,724
Repayment of loans	(372,806)	-
Other new loans	-	231,505
Repayment of other loans	(12,969)	-
Interest paid	(113,226)	(275,010)
Net cash used in financing activities	(499,001)	16,219
Net increase/(decrease) in cash and cash equivalents	1,045,181	(2,529,257)
Cash and cash equivalents at beginning of year	2,814,308	5,343,565
Cash and cash equivalents at the end of year	3,859,489	2,814,308
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	3,859,489	2,814,308

Big Issue Invest Limited

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

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 2021

2. Accounting policies (continued)

2.2 Basis of consolidation (continued)

Limited Partnerships

The group manages three social investment fund limited partnerships, details of which are given in note 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 at least 12 months from the date of approval of these financial statements. 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 2021

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 2021

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 2021

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 2021

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 2021

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

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

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

Other key sources of estimation uncertainty:

- Intangible fixed assets (see note 12)
Intangible fixed assets are amortised over their useful lives. The actual lives of the assets are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation and product life cycles are taken into account.
- Tangible fixed assets (see note 13)
Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.
- Investments (see note 14) and loan interest receivable (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 (2020: £37,000).

Big Issue Invest Limited

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

4. Turnover

An analysis of turnover is as follows:

	2021 £	2020 £
Arrangement fee income	15,405	19,677
Consultancy income	449,726	282,951
Grant income	560,745	978,966
Loan interest income	618,603	754,902
Management fees	34,000	34,000
Income from other investments	870,726	914,273
	<u>2,549,205</u>	<u>2,984,769</u>

Included in Grant Income is:

£20,000 (2020 - £Nil) from Esmée Fairbairn Foundation for research to establish a Technical Assistance framework: measuring efficacy of social investment support to improve organisational resilience and quality of the social investment supporters.

£20,000 (2020 - £Nil) from Access – The Foundation for Social Investment for a research project to establish the value and effect of Technical Assistance provided through social investment.

£151,000 (2020 £Nil) from The National Lottery Community Fund for the Covid-19 response programme.

A £0 (2020 - £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.

5. Operating profit

The operating profit is stated after charging:

	2021 £	2020 £
Depreciation of tangible fixed assets (see note 13)	<u>7,198</u>	<u>5,558</u>

Big Issue Invest Limited

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

6. Auditor's remuneration

	2021 £	2020 £
Fees payable to the Group's auditor and its associates for the audit of the Group's annual accounts	6,600	6,732
Fees payable to the group's auditor and its associates for the audit of the company's subsidiaries' annual accounts	16,620	17,361
Fees payable to the Group's auditor and its associates in respect of:		
All other services	27,168	9,216
	<u>27,168</u>	<u>9,216</u>

7. Employees

	2021 £	2020 £
Wages and salaries	1,269,221	1,214,156
Social security costs	119,095	102,814
Cost of defined contribution scheme	30,621	32,659
	<u>1,418,937</u>	<u>1,349,629</u>

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

2021 No.	2020 No.
22	21
<u>22</u>	<u>21</u>

8. Directors' remuneration

	2021 £	2020 £
Directors' emoluments	-	8,090
Company contributions to defined contribution pension schemes	-	994
	<u>-</u>	<u>9,084</u>

During the year retirement benefits were not accruing to a director (2020 - 1) in respect of defined contribution pension schemes.

Big Issue Invest Limited

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

9. Interest receivable and similar income

	2021 £	2020 £
Bank interest receivable	-	7,060

10. Interest payable and similar charges

	2021 £	2020 £
Loan Interest Payable	113,226	275,010

Big Issue Invest Limited

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

11. Taxation

	2021 £	2020 £
Current tax on profits for the year	-	-
Total current tax	-	-
Deferred tax		
Origination and reversal of timing differences	64,224	45,903
Changes to tax rates	-	(12,803)
Adjustments in respect of prior periods	(225)	3,824
Total deferred tax	63,999	36,924
Taxation on profit on ordinary activities	63,999	36,924

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2020 - lower than) the standard rate of corporation tax in the UK of 19.00% (2020 - 19.00%). The differences are explained below:

	2021 £	2020 £
Profit on ordinary activities before tax	195,784	9,167
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2020 - 19.00%)	37,199	1,742
Effects of:		
Expenses not deductible for tax purposes	8	407
Non-taxable income	(13,995)	(155,870)
Remeasurement of deferred tax for changes in tax rates	-	(12,804)
Group relief	-	1,130
Deferred tax not recognised	41,012	198,495
Adjustments in respect of prior periods (deferred tax)	(225)	3,824
Other tax adjustments, reliefs and transfers	-	-
Total tax charge for the year	63,999	36,924

Big Issue Invest Limited

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

11. Taxation (continued)

Factors that may affect future tax charges

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

12. Intangible assets

Group and Company

	Website development £
Cost	
At 1 April 2020	6,000
At 31 March 2021	<u>6,000</u>
Amortisation	
At 1 April 2020	2,135
At 31 March 2021	<u>2,135</u>
Net book value	
At 31 March 2021	<u><u>3,865</u></u>
At 31 March 2020	<u><u>3,865</u></u>

Big Issue Invest Limited

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

13. Tangible fixed assets

Group and Company

	Computer equipment £
Cost	
At 1 April 2020	43,310
Additions	1,273
At 31 March 2021	<u>44,583</u>
Depreciation	
At 1 April 2020	32,794
Charge for the year on owned assets	7,198
At 31 March 2021	<u>39,992</u>
Net book value	
At 31 March 2021	<u><u>4,591</u></u>
At 31 March 2020	<u><u>10,516</u></u>

Big Issue Invest Limited

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

14. Investments

Group

	Loans to subsidiaries £
Cost or valuation	
At 1 April 2020	17,023,169
Additions	1,792,291
Disposals	(2,840,253)
Amounts written off	(91,208)
At 31 March 2021	<u>15,883,999</u>
Impairment	
At 1 April 2020	37,000
At 31 March 2021	<u>37,000</u>
Net book value	
At 31 March 2021	<u><u>15,846,999</u></u>
At 31 March 2020	<u><u>16,986,169</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 2021

14. Investments (continued)

Company

	Shares in subsidiary undertakings £	Loan stock £	Total £
Cost or valuation			
At 1 April 2020	37,770	11,421,941	11,459,711
Additions	-	364,779	364,779
Disposals	-	(1,023,917)	(1,023,917)
Amounts written off	-	(2,149)	(2,149)
At 31 March 2021	<u>37,770</u>	<u>10,760,654</u>	<u>10,798,424</u>
Impairment			
At 1 April 2020	-	37,000	37,000
At 31 March 2021	<u>-</u>	<u>37,000</u>	<u>37,000</u>
Net book value			
At 31 March 2021	<u>37,770</u>	<u>10,723,654</u>	<u>10,761,424</u>
At 31 March 2020	<u>37,770</u>	<u>11,384,941</u>	<u>11,422,711</u>

Big Issue Invest Limited

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

14. Investments (continued)

Subsidiary undertakings

The following were subsidiary undertakings of the company:

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

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).

15. Debtors

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Trade debtors	12,358	1,794	4,577	1,794
Amounts owed by group undertakings	-	-	30,968	36,763
Other debtors	6,454	93,649	3,452	46,360
Prepayments and accrued income	130,335	176,850	86,716	124,480
Tax recoverable	-	141,336	-	-
Deferred taxation (see note 20)	39,284	103,286	39,284	90,387
Loan interest receivable	155,334	164,635	128,823	121,436
	343,765	681,550	293,820	421,220

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.

Big Issue Invest Limited

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

16. Cash and cash equivalents

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Cash at bank and in hand	3,859,489	2,814,308	1,983,754	1,332,636

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

17. Creditors: Amounts falling due within one year

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Other loans	28,472	37,813	-	-
Trade creditors	35,129	91,721	11,920	32,651
Amounts owed to group undertakings	581	-	97,952	19,768
Amounts owed to other participating interests	-	140,409	-	-
Corporation tax	-	12,022	-	-
Other creditors	862,738	67,950	31,313	60,446
Accruals and deferred income	800,297	746,907	94,542	97,049
	<u>1,727,217</u>	<u>1,096,822</u>	<u>235,727</u>	<u>209,914</u>

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

Big Issue Invest Limited

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

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

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Bank loans	9,385,121	9,757,928	9,385,121	9,757,928
Other loans	974,674	978,301	-	-
Other creditors	1,686,011	2,851,872	-	-
Accruals and deferred income	4,403,492	4,061,076	1,973,953	1,988,254
	<u>16,449,298</u>	<u>17,649,177</u>	<u>11,359,074</u>	<u>11,746,182</u>

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

As at 31 March 2021 the company had 4 loans outstanding (2020 - 4). Bank loans of £900,929 (2020 - £1,273,735) reach final maturity in 2023 and attract an interest rate of 4% + base rate. Other loans of £8,484,193 (2020 - £8,484,193) reach final maturity between 2023 and 2026 and attract an interest rate of between 0% and 6.25%. Bank loan instalment repayments of £367,500 (2020 - £962,500) were made during the year. The 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.

19. Financial instruments

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Financial assets				
Financial assets that are debt instruments measured at amortised cost	<u>4,125,313</u>	<u>20,179,987</u>	<u>2,234,714</u>	<u>13,040,362</u>
Financial liabilities				
Financial liabilities measured at amortised cost	<u>(27,368,525)</u>	<u>(14,555,757)</u>	<u>(15,525,646)</u>	<u>(9,951,037)</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 2021

20. Deferred taxation

Group

	2021 £	2020 £
At beginning of year	103,286	140,210
Charged to profit or loss	(64,002)	(36,924)
At end of year	39,284	103,286

Company

	2021 £	2020 £
At beginning of year	90,387	104,946
Charged to profit or loss	(51,103)	(14,559)
At end of year	39,284	90,387

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Accelerated capital allowances	(569)	(1,371)	(569)	(1,467)
Tax losses carried forward and other deductions	39,853	104,657	39,853	91,854
	39,284	103,286	39,284	90,387

21. Deferred grants

Group

	£
At 1 April 2020	182,700
At 31 March 2021	182,700

Big Issue Invest Limited

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22. Share capital

	2021 £	2020 £
Allotted, called up and fully paid		
1 Ordinary A share of £1.00	1	1

23. Reserves

Share premium account

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 £30,621 (2020 - £32,659). Contributions totalling £Nil (2020 - £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 £449,674 (2020 - £503,300) and deferred grants of £Nil (2020 - £Nil) 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 2021

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

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

Key management personnel include all directors who together have authority and responsibility for planning, directing and controlling the activities of the group. The total compensation paid to key management personnel services provided to Big Issue Invest by the Big Issue Group was £44,238 (2020 - £50,041).

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 2021. 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.