

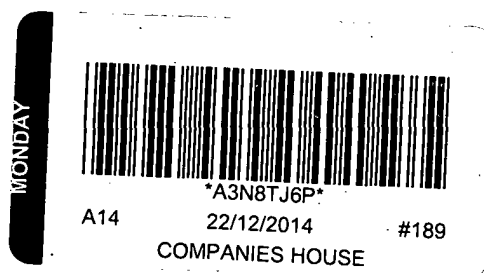
The Big Issue Group Limited

Reports and Consolidated Financial Statements

52 Week Period Ended

31 March 2014

Company Number 06771432



The Big Issue Group Limited

Report and Consolidated Financial Statements for the 52 week period ended 31 March 2014

Contents

Page:

1	Strategic Report
4	Directors' Report
7	Independent auditors' report
9	Consolidated profit and loss account
10	Consolidated statement of total recognised gains and losses
11	Consolidated balance sheet
12	Company balance sheet
13	Consolidated cash flow statement
14	Notes to the financial statements

Directors

A J Bird - International Chairman
N Kershaw
P Bird

Registered office

1-5 Wandsworth Road, London, SW8 2LN.

Company number

06771432

Independent Auditors

PricewaterhouseCoopers LLP, Chartered Accountants and Statutory Auditors, 1 Embankment Place,
London, WC2N 6RH

The Big Issue Group Limited

Strategic Report for the 52 week period ended 31 March 2014

Strategic Goals

The publishing business of The Big Issue Magazine exists to provide those facing homelessness with the opportunity to earn income through selling a magazine to the public. In so doing we also offer our vendors the chance to acquire skills and receive support which can help to change their lives. Our business model is simple and robust based on the principal of a "hand up not a hand out" with our vendors buying a magazine from us at half price which they then sell to the public at full price.

However make this possible we need to produce a magazine that the public wants to buy, provide our vendors locally with the ability to purchase that magazine and access the help and support they need on a daily basis. We have established strategic partnerships with other organisations that play a vital role in the delivery of our mission. In particular we work very closely with the Big Issue Foundation (a registered charity) who support our vendors in many locations across the UK, assessing their needs and connecting them with the relevant local services. In addition we have outsourced to Dennis Publishing the raising of magazine advertising revenue and the technical aspects of producing the content for the magazine.

As one of the oldest social enterprises in the country (founded in 1991) we have an established track record of covering the costs of supporting our vendors from the income we generate from sales of the magazine to vendors and advertising revenue. It is a core objective to maintain the financial self sufficiency of our publishing business now and in the future.

The Big Issue Invest's mission is to provide finance to social ventures that help tackle poverty and inequality.

Environment

The factors that impact those who face being homeless in the UK continue to be complex and varied. Many the individuals who work with us will suffer from the effects of substance abuse and be battling mental health issues. According to studies carried out by the University of York the recent recession continues to push more people into rough sleeping, although the rate of this increase slowed in 2013.

The commercial environment in which the Big Issue publishing business operates continues to change especially with regard to the public's access to alternative publications on the street. There is now a large and well established range of "free" publications (such as the Metro and most recently Time Out) that are available for the use of commuters. The availability of digital media whether in e-magazines or other formats continues to gain acceptance and both these trends increase the potential competition for our vendors selling a traditional paper magazine on the street.

These trends represent the principal risks to the established business model of the Big Issue together with the potential for upward pressure of employment, fuel and paper costs to impact the overall profitability of the business.

Strategic Initiatives

In order to continue to support our vendors and to secure the long term future of the publishing business we focused on the following key strategic initiatives:

- Maintaining and improving the assistance that our staff provide to vendors at the local level
- Increased national and local marketing to publicise our business model to the public
- Identification of opportunities to increase income from new channels of distribution, creating digital forms of the magazine and new target markets for advertising
- Implementation of measures to improve efficiency and reduce costs

The Big Issue Group Limited

Strategic Report

for the period ended 31 March 2014 (*Continued*)

Recent Performance

In 2013/14, the average weekly paper sales income declined by 5% year on year with much of this fall occurring during the unseasonably wet weather after Christmas. Based on the weekly data gathered in our main distribution offices the fall in paper sales income was largely the result of a similar decline in the average numbers of vendors present on the streets over the twelve month period. The fall in advertising income at 5% was in line with the fall in circulation and equivalent or slightly better than the overall trends in the publishing industry.

Our impact on the homeless continued to be significant. We estimate that there were on average over 2000 vendors each week selling the Big Issue in the UK and that in total just fewer than 5000 individuals worked with us in the last 12 months. These individuals collectively earned over £5.5m from selling the magazine as well as benefitting from the increased self respect that comes from working and from the help and support provided by our and the Big Issue Foundation's local staff.

During the year we completed a study on the viability of producing a digital magazine for sale online and through our vendors at street level. This study indicated that at the present time demand from our readers was still very low for this type of publication although sales of back copies of the online magazine have become an established part of our offering. Preparatory work was undertaken to launch a subscription service to our supporters who are unable to find a vendor locally. We expect to be launching this initiative during the second half of 2014.

Despite the decrease in paper sales income and advertising revenue the surplus generated by the publishing operations of the Big Issue increased to £340k in 2013/4 (£190k in 2012/13). The measures taken to reduce both the costs of sales and the fixed cost base of the business were successful in more than offsetting the decline in income. Given the tough market in which we operate we will continue to identify ways to reduce our internal costs with the minimum impact on the face to face support we provide to vendors.

The Big Issue Invest highlights during the year were:

- 26 social enterprises financed for a total value of £2.5 million.
- 46% of these social enterprises operate in the 25% most deprived communities in the UK.
- They are a diverse mix of socially-driven organisations whose activities achieve a range of social outcomes. The three main areas of impact are:
 - Jobs, Education and Training: 42% of our investees have businesses that create skills training and employment opportunities for the long-term employed, including the homeless and ex-offenders (21% of total amount invested);
 - Health and Social Care: 27% of our investees aim to increase the quality and accessibility of health and social care services, particularly for more disadvantaged individuals and communities (46% of total amount invested);
 - Community Development: 12% of our investees support community development, including locally-led community facilities and renewable energy projects (6% of total amount invested);
- The first Corporate Social Venture challenge was successfully launched in April 2013 with 11 early stage social ventures receiving investment and business mentoring to develop innovative social business models that use technology to improve the life chances of disadvantaged young people.
- The Threadneedle UK Social Bond Fund launched in January 2014 as the UK's first regulated social investment fund with daily liquidity bringing social investment to the mainstream.

The Big Issue Group Limited

Strategic Report for the period ended 31 March 2014 (*Continued*)

Outlook

In 2014/15 we expect to face a very similar social and commercial environment to that experienced in the preceding 12 months and will continue to focus on the same key initiatives set out above. Further initiatives will be launched and tested aimed at securing new channels of distribution for our magazine that do not compete with our traditional street sales. Greater emphasis will be placed on securing corporate partnerships that will boost the Big Issue's profile as a successful social enterprise and generate further advertising revenue. Overall, despite the fact that we expect core revenue to decline at a modest rate, the steps taken to identify new sources of magazine and advertising revenues and lower operating costs should ensure that The Big Issue generates a modest cash surplus over the next twelve months.

On behalf of the Board



N Kershaw
Director

Date 19/12/2014

The Big Issue Group Limited

Directors' Report for the 52 week period ended 31 March 2014

The directors present their report together with the audited consolidated financial statements for the 52 week period ended 31 March 2014.

Results

The consolidated profit and loss account is set out on page 9 and shows the profit for the period. The directors recommend a dividend of nil (2013: nil).

Principal activities, business review and future developments

The group has two principal business activities:

- 1) a self-help business, whose principal activity is the production of publications that give people affected by homelessness the chance of making an income. This activity is carried on by the Big Issue Company Limited, the Big Issue Scotland Limited, the Big Issue South West Limited and the Big Issue Cymru Limited (hereafter referred to as the publishing business).
- 2) the provision of debt and quasi-equity to social enterprises in the United Kingdom. This activity is carried out by Big Issue Invest Limited, Big Issue Social Invest Limited Big Issue Invest Corporate Social Venturing Limited (hereafter referred to as Invest, Social Invest, and CSV).

The segmented trading result for the publishing business and Invest, Social Invest, and CSV are as follows:

	Turnover 2014	Turnover 2013	Profit / (loss) before tax 2014	Profit before tax 2013
Publishing business	£5,564,635	£5,903,755	£337,091	£194,029
Invest, Social Invest, & CSV	£1,192,827	£1,003,462	(£557,470)	£696,893

The publishing business will continue to focus on addressing the problems and issues affecting the homeless, and therefore our vendors, which continue to be significant in number and varied. The use of on-going needs-assessments provides critical feedback on the services required by our vendors. In conjunction with The Big Issue Foundation a registered charity which connects vendors with vital support and solutions, the company will continue to provide an avenue by which the homeless can help themselves.

Magazine sales circulation dropped 7.6% when compared with the year ending March 2013 pro rated at 52 weeks. Paper sales & Advertising revenue decreased due to market trends.

At 31 March 2014, Big Issue Invest and Big Issue Invest Corporate Social Venturing Limited had made investments valued at £3,140,044 and £340,000 respectively (2013: £3,044,992 and £nil) and had cash at bank of £315,968 and £809,000 respectively (2013: £1,357,886 and £nil). Big Issue Invest continues to raise additional funds and is confident in being able to identify appropriate additional investment opportunities among social enterprises based in the UK.

The key business risks and uncertainties of the publishing business are considered to be the overall movement to digital rather than printed media, the overall level of economic activity and the impact of government policy on the level of homelessness in the UK.

The key business risks and uncertainties of Big Issue Invest are considered to be the future performance of existing investments, movements in interest rates and access to additional capital to support future growth of the fund.

The Big Issue Group Limited

Directors' Report for the period ended 31 March 2014 (Continued)

Principal activities, business review and future developments (continued)

Financial Risks

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

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

Key Performance Indicators

The Key Performance Indicators that are regularly monitored for the publishing business are:

	2014	2013
Copy Sales per Edition	66,903	70,248
Average Vendor Numbers	1,459	1,621

The nature of Big Issue Invest's activities means that the use of KPIs is most appropriate in the context of the performance of the individual social enterprises in which investments have been made rather than at the company level.

Directors

The directors of the company who served throughout the period and up to the date of these financial statements were:

A J Bird
N Kershaw
P Bird

Directors' Responsibilities Statement

The directors are responsible for preparing the Reports and 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 prepared the group and parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 group and the company 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company and the group will continue in business.

The Big Issue Group Limited

Directors' Report for the period ended 31 March 2014 (Continued)

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 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.

Independent Auditors

PricewaterhouseCoopers LLP have expressed their willingness to continue in office and a resolution proposing that they be re-appointed will be put at the annual general meeting.

Independent Auditors and disclosure of information to auditors

In the case of each Director in office at the date the Directors' report is approved, and in accordance with Section 418 of the Companies Act 2006:

- So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware, and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the Board


N Kershaw
Director

Date 19/12/2014

The Big Issue Group Limited

Independent auditors' report

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE BIG ISSUE GROUP LIMITED

Report on the financial statements

Our opinion

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the group's and of the company's affairs as at 31 March 2014 and of the group's loss and the group's cash flows for the period 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.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The group financial statements and company financial statements (the "financial statements"), which are prepared by The Big Issue Group Limited, comprise:

- the Consolidated and Company balance sheets as at 31 March 2014;
- the Consolidated profit and loss account;
- the Consolidated statement of total recognised gains and losses for the period then ended;
- the Consolidated cash flow statement for the period then ended; and
- the Notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the group's and the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Reports and Consolidated Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

The Big Issue Group Limited

Independent auditors' report (*Continued*)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE BIG ISSUE GROUP LIMITED (Continued)

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

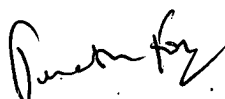
Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Directors' Responsibilities Statement set out on pages 5 and 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.



Jonathan Ford

(Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

London

27 December 2014

The Big Issue Group Limited

Consolidated profit and loss account for the 52 week period ended 31 March 2014

	Note	52 week period ended 31 March 2014 £	52 week period ended 31 March 2013 £
Turnover	2	6,757,462	6,907,217
Cost of sales		(2,955,140)	(2,718,821)
Gross profit		3,802,322	4,188,396
Administrative expenses		(4,082,568)	(4,390,981)
Other operating income	5	133,021	1,108,313
Operating (loss) / profit		(147,225)	905,728
Interest payable and similar charges		(73,153)	(14,806)
(Loss) / profit on ordinary activities before taxation	6	(220,378)	890,922
Tax credit / (charge) on ordinary activities	7	4,269	(33,082)
(Loss) / profit for the financial period	17	(216,109)	857,840

There is no material difference between the (loss) / profit on ordinary activities before taxation and the (loss) / profit for the financial years stated above and their historical cost equivalents.

All operations are in respect of continuing activities.

The notes on pages 14 to 27 form an integral part of these consolidated financial statements.

The Big Issue Group Limited

Consolidated statement of total recognised gains and losses for the 52 week period ended 31 March 2014

		52 week period ended 31 March 2014 £	52 week period ended 31 March 2013 £
	Note		
(Loss) / Profit for the financial period		(216,109)	857,840
Deferred granted equity recognised in granted equity reserve	15	73,791	455,491
		<hr/>	<hr/>
Total recognised gains and losses relating to the financial period		(142,318)	1,313,331
		<hr/>	<hr/>

The notes on pages 14 to 27 form an integral part of these consolidated financial statements.

The Big Issue Group Limited

Consolidated balance sheet at 31 March 2014

<i>Company number 06771432</i>	Note	31 March 2014 £	31 March 2014 £	31 March 2013 £	31 March 2013 £
Fixed assets					
Tangible assets	8		65,281		41,980
Investments	9		2,751,788		2,502,919
			<u>2,817,069</u>		<u>2,544,899</u>
Current assets					
Stock	10	5,370		15,750	
Investments	9	728,257		542,073	
Debtors	11	643,111		605,972	
Cash at bank and in hand		2,219,852		2,078,835	
		<u>3,596,590</u>		<u>3,242,630</u>	
Creditors: amounts falling due within one year	12	(1,436,936)		(1,052,381)	
Net current assets			<u>2,159,654</u>		<u>2,190,249</u>
Total assets less current liabilities			<u>4,976,723</u>		<u>4,735,148</u>
Creditors: amounts falling due after more than one year	13		(2,900,283)		(2,515,442)
Provisions for liabilities	14		(69,672)		(70,620)
Net assets			<u>2,006,768</u>		<u>2,149,086</u>
Merger reserve	17		3		3
Granted Equity	17		2,220,849		2,147,058
Profit and loss account	17		(214,084)		2,025
Total Shareholders' funds	18		<u>2,006,768</u>		<u>2,149,086</u>

The financial statements on pages 9 to 27 were approved by the Board of Directors on 19/12/2014 and signed on its behalf by

N Kershaw
Director

The notes on pages 14 to 27 form an integral part of these consolidated financial statements.

The Big Issue Group Limited

Company balance sheet at 31 March 2014

<i>Company number 06771432</i>	Note	31 March 2014	31 March 2014	31 March 2013 (restated)	31 March 2013 (restated)
		£	£	£	£
Fixed assets					
Investments	9		2		2
			<u>2</u>		<u>2</u>
Creditors: amounts falling due within one year	12	(2)		(2)	
		<u></u>		<u></u>	
Net current assets			(2)		(2)
Total assets less current liabilities			<u>-</u>		<u>-</u>
Net assets			<u>-</u>		<u>-</u>
Capital and reserves					
Profit and loss account	17		-		-
			<u>-</u>		<u>-</u>
Total Shareholders' funds	18		<u>-</u>		<u>-</u>

The financial statements on pages 9 to 27 were approved by the Board of Directors and authorised for issue on


W Kershaw
Director

19/12/2014

The notes on pages 14 to 27 form an integral part of these consolidated financial statements.

The Big Issue Group Limited

Consolidated cash flow statement for the period ended 31 March 2014

	Note	52 week period ended 31 March 2014 £	52 week period ended 31 March 2014 £	52 week period ended 31 March 2013 £	52 week period ended 31 March 2013 £
Net cash inflow from operating activities	21		739,973		768,916
Returns on investments and servicing of finance					
Interest payable		(73,153)		(14,806)	
Net cash inflow from returns on investments and servicing of finance			(73,153)		(14,806)
Taxation					(772)
Capital expenditure and financial investment					
Purchase of tangible fixed assets		(53,636)		(28,926)	
Net loan investments (granted)		(472,167)		(344,206)	
			(525,803)		(373,132)
Increase in net cash	23		141,017		380,206

The notes on pages 14 to 27 form an integral part of these consolidated financial statements.

The Big Issue Group Limited

Notes to the financial statements for the period ended 31 March 2014

1 Accounting policies

The financial statements have been prepared under the historical cost convention and are in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all years unless otherwise stated.

Basis of preparation

The financial statements have been prepared on a going concern basis which the directors consider appropriate for the following reasons:

The directors have prepared projected cash flow information for the period ending 12 months from the date of their approval of these financial statements. On the basis of this cash flow information, due to significant cost savings achieved, the directors consider that the group will continue to meet liabilities as they fall due.

The group meets its day to day working capital requirements through funds generated from its business activities without the need for additional loan facilities. All areas of the business are under scrutiny with further cost savings to be made in the foreseeable future.

The financial statements do not include any adjustments that would result from this going concern basis of financial statements being inappropriate.

Basis of consolidation

The group financial statements consolidate, using the acquisition method, the financial statements of The Big Issue Group Limited and its subsidiaries made up to 31 March 2014.

Result of the parent company

The company has taken advantage of the exemption under s408 of the Companies Act 2006 and has not presented its own profit and loss account in these financial statements. Refer to note 17 for the results of the Company for the period.

Turnover

Turnover represents amounts receivable in the ordinary course of business in respect of advertising revenue, the sale of newspapers and other complementary activities and is stated net of Value Added Tax. Revenue is recognised at the point when goods have been delivered.

Grant income, royalties and loan investment interest are considered secondary income for the group and as such are presented within other income on the face of the profit and loss account.

Government and Revenue Grants

Capital Grants received to make loans to social enterprises are credited to Deferred Granted Equity and released to a Granted Equity Reserve when ownership of the grant by the group is certain. The Granted Equity Reserve is a non-distributable reserve.

Grants towards capital expenditure are credited to the profit and loss account over the expected useful life of the assets to which they relate.

Revenue Grants are credited to the Profit and Loss on an accrual basis as the related expenditure is incurred.

The Big Issue Group Limited

Notes to the financial statements for the period ended 31 March 2014 (Continued)

1 Accounting policies (Continued)

Donations

Donations received are recognised in the profit and loss account when they are received.

Depreciation

Tangible assets are held at cost less accumulated depreciation. Depreciation is provided to write off the cost, less estimated residual values, of all tangible fixed assets, evenly over their expected useful lives. It is calculated at the following rates:

Motor vehicles	-	25% - 33% Straight Line
Leasehold improvements	-	20% - 33% Straight Line
Furniture, fittings and equipment	-	20% - 33% Straight Line

Taxation

The current tax charge is recognised in the profit and loss account at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted, or substantially enacted, by the balance sheet date.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts, in the financial statements. Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences or unused tax losses can be utilised.

Deferred income tax is determined using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax balances are not discounted.

Leased assets

Where assets are financed by leasing agreements that give rights approximating to ownership ('finance leases'), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the profit and loss account.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

Investments

Investments held as fixed assets are stated at cost less any provision for impairment. Investments are regularly reviewed for impairment, taking into account the subsidiary's and investments, financial position and current and projected performance.

The Big Issue Group Limited

Notes to the financial statements for the period ended 31 March 2014 (Continued)

1 Accounting policies (Continued)

Stocks

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

2 Turnover

Turnover represents amounts receivable in the ordinary course of the publishing business in respect of advertising revenue, the sale of newspapers and other complementary activities, excluding Value Added Tax and arises solely within the United Kingdom.

	52 week period ended 31 March 2014 £	52 week period ended 31 March 2013 £
Newspaper Sales	4,270,119	4,596,661
Advertising	1,134,245	1,190,503
Investment	1,192,827	1,003,462
Other	160,271	116,591
	<u>6,757,462</u>	<u>6,907,217</u>

3 Employees

	52 week period ended 31 March 2014 £	52 week period ended 31 March 2013 £
Staff costs consist of:		
Wages and salaries	2,741,717	2,626,000
Social security costs	237,942	239,785
	<u>2,979,659</u>	<u>2,865,785</u>

The wages and salaries of the Directors are not included above as it is disclosed on Note 4.

The average weekly number of employees, including directors, during the period were:

132

129

The Big Issue Group Limited

Notes to the financial statements for the period ended 31 March 2014 (Continued)

4 Directors Emoluments

	52 week period ended 31 March 2014 £	52 week period ended 31 March 2013 £
Directors emoluments for services to the Group	336,110	360,433

The highest paid director received remuneration of £85,000 (2013: £84,999).

5 Other Operating Income

Other operating income amounts recognised following a Welsh Assembly Grant received by The Big Issue Cymru Limited, one of the subsidiaries of The Big Issue Company Limited. Prior year amounts results from re-structuring of the financial arrangements of The Big Issue Invest Limited, another subsidiary of The Big Issue Company Limited.

6 (Loss) / profit on ordinary activities before taxation

	52 week period ended 31 March 2014 £	52 week period ended 31 March 2013 £
(Loss) / profit on ordinary activities before taxation is stated after charging:		
(Loss) on disposal of fixed assets	-	(2,977)
Depreciation	30,335	31,375
Fees payable to company auditors for:		
- The audit of parent company, subsidiaries and group financial statements	48,758	41,080
- Taxation compliance services	13,717	12,077
Payments under operating leases - land and buildings	180,090	167,128

The Big Issue Group Limited

Notes to the financial statements for the period ended 31 March 2014 (Continued)

7	Tax on (loss) / profit on ordinary activities	52 week period ended 31 March 2014 £	52 week period ended 31 March 2013 £
	<i>Current tax</i>		
	UK corporation tax (credit) / charge on profit of the period	(4,269)	32,540
	<i>Deferred tax</i>		
	Origination and reversal of timing differences	-	542
	Total current tax (credit) / charge	<u>(4,269)</u>	<u>33,082</u>

The tax assessed for the period differs from the standard rate of corporation tax in the UK. The differences are explained below:

	52 week period ended 31 March 2014 £	52 week period ended 31 March 2013 £
(Loss) / Profit on ordinary activities before taxation	<u>(220,378)</u>	<u>890,922</u>
(Loss) / Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 23% (2013: 24%)	(50,687)	213,822
<i>Effects of:</i>		
Expenses not deductible	3,883	26,884
Income not taxable	(240)	(27,223)
Capital allowances in excess of depreciation	(14,448)	-
Movement in short term timing differences	(3,902)	4,650
Utilisation of tax losses	(37,132)	(185,593)
Tax losses not recognised	105,521	-
Adjustment to tax charge re previous period	(7,264)	-
Current tax (credit) / charge for the period	<u>(4,269)</u>	<u>32,540</u>

A deferred tax asset relating to taxable losses of £154,279 (2013: £155,472) has not been recognised.

The Big Issue Group Limited

Notes to the financial statements for the period ended 31 March 2014 (*Continued*)

8 Tangible fixed assets

Group	Motor Vehicles £	Leasehold improvements £	Furniture, fittings and equipment £	Total £
<i>Cost</i>				
At 31 March 2013	134,810	24,364	343,296	502,470
Additions	7,500	-	46,136	53,636
At 31 March 2014	142,310	24,364	389,432	556,106
<i>Accumulated depreciation</i>				
At 31 March 2013	114,502	24,364	321,624	460,490
Charge for the period	9,274	-	21,061	30,335
At 31 March 2014	123,776	24,364	342,685	490,825
<i>Net book amount</i>				
At 31 March 2014	18,534	-	46,747	65,281
At 31 March 2013	20,308	-	21,672	41,980

The company had no tangible fixed assets.

The Big Issue Group Limited

Notes to the financial statements for the period ended 31 March 2014 (Continued)

9 Investments

Group	Equity	Loan stock	Total
	£	£	£
Cost			
At 31 March 2013	224,632	3,264,334	3,488,966
Additions	1	978,600	978,601
Repayments and disposals	-	(506,433)	(506,433)
At 31 March 2014	224,633	3,736,501	3,961,134
Provision			
At 31 March 2013	224,632	219,342	443,974
Movement in the year	-	37,115	37,115
At 31 March 2014	224,632	256,457	481,089
Net book amount at 31 March 2014	1	3,480,044	3,480,045
Net book amount at 31 March 2013	-	3,044,992	3,044,992
		2014	2013
		£	£
Investments classified as > 1 year		2,751,788	2,502,919
Investments classified as < 1 year		728,257	542,073
Total investments		3,480,045	3,044,992

A provisioning rate of 3% of the gross portfolio was applied during the fiscal year and the cumulative loan loss reserve position at 31 March 2014 was deemed adequate to cover estimated future investment losses.

The Company's investment in subsidiaries: The Bag Issue Limited and Prevention Convention Limited were made in 2010. The prior year numbers have been updated to reflect the appropriate disclosures.

The current year balance is £2 (2013: £2).

The Big Issue Group Limited

Notes to the financial statements for the period ended 31 March 2014 (Continued)

9 Investments (Continued)

Subsidiary and associated undertakings

The following were subsidiary or associated undertakings at the end of the period:

Name	Country of Incorporation or registration	Proportion of voting rights and ordinary share capital held	Nature of business
<i>Subsidiary undertakings</i>			
The Big Issue Company Limited	England and Wales	100%	Publishing
The Big Issue Cymru Limited	England and Wales	100%	Publishing
The Big Issue in Scotland Limited	Scotland	100%	Publishing
Big Issue Invest Limited	England and Wales	100%	Financing of social enterprises
The Big Issue Digital Limited	England and Wales	100%	Bitcoin potential use for Social enterprises
Big Issues Social Investment Limited	England and Wales	100%	Fund Management
Big Issue Invest Corporate Social Venturing Limited	England and Wales	100%	Financing of Social enterprises
Social Brokers Foundation	England and Wales	100%	Dormant
The Bag Issue Limited	England and Wales	100%	Dormant
Prevention Convention Limited	England and Wales	100%	Dormant
<i>Trade investments</i>			
Call Britannia Contact Centres Ltd	England and Wales	28%	Call Centre Services

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

The Big Issue Group Limited

Notes to the financial statements for the period ended 31 March 2014 (Continued)

10 Stock

	Group 31 March 2014 £	Group 31 March 2013 £	Company 31 March 2014 £	Company 31 March 2013 £
Paper stock	5,370	15,750	-	-

There is no material difference between the replacement cost of stocks and the amounts stated above.

11 Debtors

	Group 31 March 2014 £	Group 31 March 2013 £	Company 31 March 2014 £	Company 31 March 2013 £
Trade debtors	303,338	100,546	-	-
Other debtors	231,790	420,512	-	-
Prepayments and accrued income	107,983	84,914	-	-
	<u>643,111</u>	<u>605,972</u>	<u>-</u>	<u>-</u>

All amounts fall due within one year except for a rent deposit of £56,195 (2013: £56,195) included in Other Debtors, which is repayable at the earlier of 10 years or assignment of the lease by the company.

12 Creditors: amounts falling due within one year

	Group 31 March 2014 £	Group 31 March 2013 £	Company 31 March 2014 £	Company 31 March 2013 £
Trade creditors	469,342	414,087	-	-
Other creditors	440,356	59,236	2	2
Taxation and social security	53,868	103,549	-	-
Accruals and deferred income	446,343	435,763	-	-
Corporation tax	27,027	39,746	-	-
	<u>1,436,936</u>	<u>1,052,381</u>	<u>2</u>	<u>2</u>

The Big Issue Group Limited

Notes to the financial statements for the period ended 31 March 2014 (Continued)

13 Creditors: amounts falling due after more than one year

	Group 31 March 2014 £	Group 31 March 2013 £	Company 31 March 2014 £	Company 31 March 2013 £
Deferred granted equity (note 15)	279,151	352,942	-	-
Bank loans and overdrafts	1,642,673	2,162,500	-	-
Other creditors	978,459	-	-	-
	<u>2,900,283</u>	<u>2,515,442</u>	<u>-</u>	<u>-</u>

As at 31 March 2014 the group had six instalment bank loans. One loan of £950,000 (2013: £950,000) reaches final maturity in 2019 and attract an interest rate 6.5%. This loan is secured by one loan that The Big Issue Invest Ltd as made to a client. The other loan of £862,500 (2013: £1,250,000) reaches final maturity in 2017 and attracts a base rate plus interest rate of 2.5%. This loan is secured over all the other assets of The Big Issue Invest Ltd. The rest of the loans are unsecured and repayment is contingent upon the performance of the investment portfolio. Other loans of £0.2m (2013: nil) reach final maturity in 2016 and attract an interest rate of 5%.

14 Provisions for liabilities

Group	31 March 2014 £	31 March 2013 £
Deferred tax	1,105	2,053
Other provisions	68,567	68,567
	<u>69,672</u>	<u>70,620</u>

The movement in the year of the deferred tax provision is a charge of £948.

Deferred tax relates to accelerated capital allowances.

The company had no provisions in either the current or prior period.

15 Deferred Granted Equity recognised in Equity Reserve

Group	31 March 2014 £	31 March 2013 £
Brought forward balance	352,942	808,433
Recognised in equity	(73,791)	(455,491)
Carried forward balance at 31 March 2014	<u>279,151</u>	<u>352,942</u>

The company had no deferred granted equity in either the current or prior period.

The Big Issue Group Limited

Notes to the financial statements for the period ended 31 March 2014 (Continued)

16 Liability of members

The liability of members is limited. In the event of the company being wound up during a member's period of membership, or within one year afterwards, an amount not exceeding £1 may be required from that member towards the payment of the debts and liabilities of the company incurred before membership ceased. As at 31 March 2014 the company had 2 members, A J Bird and Nigel Kershaw (2013: 2 members, A J Bird and Nigel Kershaw)

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

17 Reserves

Consolidated	Merger Reserve £	Granted Equity Reserve £	Profit and Loss Account £
At 31 March 2013	3	2,147,058	2,025
Movement in the period	-	73,791	(216,109)
At 31 March 2014	3	2,220,849	(214,084)

Company	Profit and Loss Account £
At 31 March 2013	-
Result for the financial period	-
At 31 March 2014	-

**Notes to the financial statements
for the period ended 31 March 2014 (Continued)**

16 Liability of members

The liability of members is limited. In the event of the company being wound up during a member's period of membership, or within one year afterwards, an amount not exceeding £1 may be required from that member towards the payment of the debts and liabilities of the company incurred before membership ceased. As at 31 March 2014 the company had 2 members, A J Bird and Nigel Kershaw (2013: 2 members, A J Bird and Nigel Kershaw)

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

17 Reserves

Consolidated	Merger Reserve £	Granted Equity Reserve £	Profit and Loss Account £
At 31 March 2013	3	2,147,058	2,025
Movement in the period	-	73,791	(216,109)
At 31 March 2014	<u>3</u>	<u>2,220,849</u>	<u>(214,084)</u>

Company	Profit and Loss Account £
At 31 March 2013	-
Result for the financial period	-
At 31 March 2014	<u>-</u>

The Big Issue Group Limited

Notes to the financial statements for the period ended 31 March 2014 (Continued)

18 Reconciliation of movements in shareholders' funds

	Group 31 March 2014 £	Group 31 March 2013 £	Company 31 March 2014 £	Company 31 March 2013 £
(Loss) / Profit for the financial period	(216,109)	857,840	-	-
Deferred granted equity recognised in granted equity reserve	73,791	455,491	-	-
Net addition to Shareholders' Funds	(142,318)	1,313,331	-	-
Opening Shareholders' funds	2,149,083	835,752	-	-
Merger reserve	3	3	-	-
Closing Shareholders' funds	2,006,768	2,149,086	-	-

19 Commitments under operating leases

As at 31 March 2014, the group had annual commitments under non-cancellable operating leases as set out below:

	31 March 2014 Land and buildings £	31 March 2013 Land and buildings £
Operating leases which expire:		
Within one year	19,314	22,000
Within two to five years	120,500	97,052
After five years	40,276	48,076
	180,090	167,128

20 Related party transactions

The group has taken advantage of the exemption under Financial Reporting Standard (FRS) 8 not to disclose transactions with entities, 100% or more whose voting rights are controlled within the group.

The group recharged expenses to a connected entity, The Big Issue Foundation, during the year of £144,391 (2013: £148,590). The amount outstanding at the year end is £1,353 (2013: £nil).

During the period the company paid £nil (2013: £41,000) to Wedge Ltd for editorial content and market studies, a company controlled by John Bird. The outstanding amount at the year end is £nil (2013: £3,600).

The Big Issue Group Limited

Notes to the financial statements for the period ended 31 March 2014 (Continued)

21 Reconciliation of operating profit to net cash inflow from operating activities

	31 March 2014 £	31 March 2013 £
Operating (loss) / profit	(147,225)	905,728
Depreciation	30,335	31,375
(Loss) / Profit on disposal of fixed asset	-	2,977
Decrease / (Increase) in stocks	10,380	(3,708)
Increase in debtors	(37,139)	(103,655)
Increase in creditors	388,825	124,401
Increase / (Decrease) in long term creditors	458,632	(337,500)
Increase in provisions	36,165	149,298
Net cash inflow from operating activities	<u>739,973</u>	<u>768,916</u>

22 Reconciliation of net cash inflow to movement in net debt

	52 week period ended 31 March 2014 £	52 week period ended 31 March 2014 £	52 week period ended 31 March 2013 £	52 week period ended 31 March 2013 £
Increase in cash in the year	141,017		380,206	
Cash outflow from decrease in debt and lease financing	(458,632)		337,500	
Change in net debt resulting from cash flows		(317,615)		717,706
Movement in net debt in the year		(317,615)		717,706
Opening net debt		(83,665)		(801,371)
Closing net debt		<u>(401,280)</u>		<u>(83,665)</u>

23 Analysis of net debt

	At 31 March 2013 £	Cash flow £	At 31 March 2014 £
Cash in hand and at bank	2,078,835	141,017	2,219,852
Debt due after one year	(2,162,500)	(458,632)	(2,621,132)
Total	<u>(83,665)</u>	<u>(317,615)</u>	<u>(401,280)</u>

The Big Issue Group Limited

Notes to the financial statements for the period ended 31 March 2014 (*Continued*)

24 Ultimate controlling party

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