

The Big Issue Group Limited

Report and Financial Statements

Year Ended

31 March 2018

Company Number 06771432

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

Company Information

Directors	A J Bird N Kershaw P Bird K M Riches
Registered number	06771432
Registered office	113-115 Fonthill Road London England N4 3HH
Independent auditor	BDO LLP 55 Baker Street London W1U 7EU

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

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The Big Issue Group Limited

(A Company Limited by Guarantee)

Group Strategic Report for the Year Ended 31 March 2018

Business review

The Big Issue Group had a successful year of trading with profits generated for future reinvestment in the mission of "dismantling poverty by creating opportunity, through self-help, social trading and business solutions".

In publishing:

- A new office facility in Glasgow was completed in August 2017 allowing the consolidation of the editorial team and a new production team to deliver and develop the magazine with all in house resources. The 200 millionth copy of the magazine was sold.
- The extension of TBI digital foot print and relaunching of the Web site was achieved.
- The first custom publishing initiative was launched with Saints FC and the Saints Foundation, creating a special edition magazine as well as an employability programme. Three vendors completed the course and now have jobs at Saints FC.
- The Publishing team secured the final interview with Labour Leader, Jeremy Corbyn before the General Election. It was in partnership with UniLad and had over 750,000 views.

In Big Issue Invest:

- A new £1m early stage investment programme was launched November 2017 in Scotland, a partnership with The Scottish Government, Aberdeen Standard investments and Edinburgh University.
- A final close of the Social Enterprise Investment Fund II was achieved bringing the committed capital to £23.8m. By the end of the financial year £10m of this capital had been committed for investment into Social enterprises.
- The BII Outcomes Investment fund (OIF) was launched in May 2017 with a first close of £10m.
- The Aberdeen Standard Investments Equity UK Impact-Employment opportunities Fund was launched in February 2018.
- Over 1.5 million tenants were engaged in sharing their rent data into the Rental Exchange.

Financial inclusion

Following the work that BII is doing in the Rental Exchange, TBI Group companies supported the launch of "The Creditworthiness Bill" in the House of Lords by Lord John Bird which passed its second reading and moved forward to a planned third and final reading.

The Group continued to examine and look at innovative ways that more inclusive financial systems could be developed and utilised to support the most vulnerable in UK society.

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Group Strategic Report (continued) **for the Year Ended 31 March 2018**

2018/19 - year objectives

Building in on this success a detailed plan was put in place for reinvesting profits in extending the reach and impact of the Big Issue Group. These plans include:

- Developing a refresh of the magazine to ensure it continues to engage and attract new audiences.
- Engaging with new younger audiences in order to extend the reach of the magazine and its ability to engage and influence.
- Launching a new early stage investment programme in the Midlands.
- Bringing together central services of finance and marketing.
- Researching and developing our digital offering.
- Developing broader partnerships through the custom publishing and magazine content to extend our reach and impact to the most vulnerable in society.
- Further developing the rental exchange to tackle the poverty premium and give fairer access to affordable credit services to social and private renters.
- Support the transition of the Credit Worthiness Bill into the House of Commons to deliver support for the above.
- Investing in and developing our staff.
- Extending the opportunities for savers and investors to have positive impact through their savings choice.

The next years will be concentrated on ensuring we work to prevent the causes of poverty across the UK. We will continue our direct delivery but also ensure through our work we are an enabler for others to engage and support this mission.

Principal risks and uncertainties

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

Key performance indicators

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

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



.....
N Kershaw
Director

Date: 21 December 2018

The Big Issue Group Limited

(A Company Limited by Guarantee)

Directors' Report for the Year Ended 31 March 2018

The directors present their report and the financial statements for the year ended 31 March 2018.

Directors' responsibilities

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

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

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

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

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

Results and dividends

The profit for the year, after taxation, amounted to £457,262 (2017 - £530,344).

No dividend was paid during the year and the directors do not recommend payment of a dividend (2017 - £Nil).

Principal activity

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 in Scotland 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 and Big Issue Fund Management Limited (hereafter referred to as The Invest Group).

The Big Issue Group Limited

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Directors' Report (continued) **for the Year Ended 31 March 2018**

Key performance indicators

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

	Turnover 2018 £	Turnover 2017 £	Profit before tax 2018 £	Profit before tax 2017 £
Publishing business	5,617,336	5,443,089	176,176	398,352
The Invest Group	2,518,615	1,836,697	359,427	40,051

The other main key performance indicator used by the group is its net cash position. At 31 March 2018, the group held net cash of £4,998,046 (2017 - £4,352,219).

Directors

The directors who served during the year were:

A J Bird
N Kershaw
P Bird
K M Riches

Principal risks and uncertainties

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

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

Disclosure of information to auditors

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

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

Subsequent events

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

The Big Issue Group Limited
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Directors' Report (continued)
for the Year Ended 31 March 2018

Auditor

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

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



.....
N Kershaw
Director

Date: 21 December 2018

The Big Issue Group Limited

(A Company Limited by Guarantee)

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

Opinion

We have audited the financial statements of The Big Issue Group Limited ("the parent company") and its subsidiaries ("the group") for the year ended 31 March 2018 which comprise the consolidated statement of comprehensive income, the consolidated and company statement of financial position, the consolidated and company statement of changes in equity, the consolidated statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2018 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

The Big Issue Group Limited

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the director's report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion;

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

The Big Issue Group Limited

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

Responsibilities of directors

As explained more fully in the directors' responsibilities, 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.

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

Use of our report

This report is made solely to the 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.

BDO LLP

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

Date: 21 December 2018

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

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

Consolidated Statement of Comprehensive Income
for the Year Ended 31 March 2018

	Note	2018 £	2017 £
Turnover	4	8,135,951	7,279,786
Cost of sales		(1,419,779)	(1,185,606)
Gross profit		6,716,172	6,094,180
Distribution costs		-	(1,631)
Administrative expenses		(5,882,967)	(5,458,835)
Exceptional administrative expenses	11	(21,332)	-
Operating profit	5	811,873	633,714
Interest receivable and similar income		638	2,561
Interest payable and similar charges	9	(276,908)	(197,872)
Profit before taxation		535,603	438,403
Tax on profit	10	(78,341)	91,941
Profit for the financial year		457,262	530,344

There was no other comprehensive income for 2018 (2017 - £Nil).

The notes on pages 16 to 34 form part of these financial statements.

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

Consolidated Statement of Financial Position
as at 31 March 2018

	Note	2018 £	2017 £
Fixed assets			
Tangible assets	12	323,507	222,965
Investments	13	13,881,208	9,751,672
		<u>14,204,715</u>	<u>9,974,637</u>
Current assets			
Stocks	14	11,237	10,241
Debtors	15	1,112,145	928,091
Cash and cash equivalents	16	4,998,046	4,352,219
		<u>6,121,428</u>	<u>5,290,551</u>
Creditors: amounts falling due within one year	17	(2,434,345)	(2,003,283)
Net current assets		<u>3,687,083</u>	<u>3,287,268</u>
Total assets less current liabilities		<u>17,891,798</u>	<u>13,261,905</u>
Creditors: amounts falling due after more than one year	18	(14,937,768)	(10,765,137)
Net assets		<u><u>2,954,030</u></u>	<u><u>2,496,768</u></u>
Capital and reserves			
Merger reserve	21	3	3
Profit and loss account	21	2,954,027	2,496,765
		<u><u>2,954,030</u></u>	<u><u>2,496,768</u></u>

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


.....
N Kershaw
Director

The notes on pages 16 to 34 form part of these financial statements.

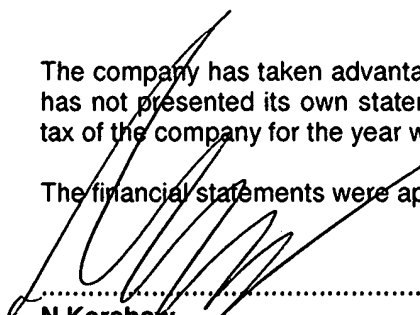
The Big Issue Group Limited
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Registered number: 06771432

Company Statement of Financial Position
as at 31 March 2018

	Note	2018 £	2017 £
Fixed assets			
Investments	13	3	3
Creditors: amounts falling due within one year	17	(2)	(2)
Total assets less current liabilities		<u>1</u>	<u>1</u>
Net assets		<u>1</u>	<u>1</u>
Capital and reserves			
Profit and loss account	21	1	1
		<u>1</u>	<u>1</u>

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of comprehensive income in these financial statements. The results after tax of the company for the year was £Nil (2017 - £Nil).

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


.....
N Kershaw
Director

Date: 21 December 2018

The notes on pages 16 to 34 form part of these financial statements.

The Big Issue Group Limited
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Consolidated Statement of Changes in Equity
for the Year Ended 31 March 2018

	Merger reserve	Profit and loss account	Total equity
	£	£	£
At 1 April 2017	3	2,496,765	2,496,768
Comprehensive income for the year			
Profit for the year	-	457,262	457,262
At 31 March 2018	3	2,954,027	2,954,030

Consolidated Statement of Changes in Equity
for the Year Ended 31 March 2017

	Merger reserve	Profit and loss account	Total equity
	£	£	£
At 1 April 2016	3	1,966,421	1,966,424
Comprehensive income for the year			
Profit for the year	-	530,344	530,344
At 31 March 2017	3	2,496,765	2,496,768

The notes on pages 16 to 34 form part of these financial statements.

The Big Issue Group Limited

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Company Statement of Changes in Equity for the Year Ended 31 March 2018

	Profit and loss account	Total equity
	£	£
At 1 April 2017	1	1
Comprehensive income for the year		
Result for the year	-	-
	<u>1</u>	<u>1</u>
At 31 March 2018	<u><u>1</u></u>	<u><u>1</u></u>

Company Statement of Changes in Equity for the Year Ended 31 March 2017

	Profit and loss account	Total equity
	£	£
At 1 April 2016	1	1
Comprehensive income for the year		
Result for the year	-	-
	<u>1</u>	<u>1</u>
At 31 March 2017	<u><u>1</u></u>	<u><u>1</u></u>

The notes on pages 16 to 34 form part of these financial statements.

The Big Issue Group Limited
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Consolidated Statement of Cash Flows
for the Year Ended 31 March 2018

	2018 £	2017 £
Cash flows from operating activities		
Profit for the financial year	457,262	530,344
Adjustments for:		
Depreciation of tangible assets	56,689	41,537
Reversal of impairment charge on fixed asset investments	(22,050)	(87,642)
Profit on disposal of tangible assets	-	(250)
Income from other investments	(1,022,229)	(501,255)
Interest credited to the income statement	276,908	197,872
Interest charged to the income statement	(638)	(2,561)
Taxation charged to the income statement	78,341	(91,941)
(Increase)/decrease in stocks	(996)	14,940
(Increase)/decrease in debtors	(193,392)	89,031
Increase/(decrease) in creditors	1,595,715	(75,614)
Corporation tax paid	(24,981)	(35,514)
Transfer of assets/non cash movements on investments	128,751	-
Net cash generated from operating activities	1,329,380	78,947
Cash flows from investing activities		
Purchase of tangible fixed assets	(158,596)	(57,934)
Sale of tangible fixed assets	1,365	1,994
Interest received	638	2,561
Income from other investments	1,022,229	501,255
Loan investments granted	(7,114,293)	(2,790,724)
Loan investments repaid	2,878,057	1,116,660
Net cash from investing activities	(3,370,600)	(1,226,188)

The Big Issue Group Limited
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Consolidated Statement of Cash Flows (continued)
for the Year Ended 31 March 2018

	2018 £	2017 £
Cash flows from financing activities		
New secured loans	1,151,459	2,254,733
Other new loans	(1,599,645)	118,878
Interest paid	(276,908)	(197,872)
Grants received	3,412,141	269,461
Net cash used in financing activities	2,687,047	2,445,200
Net increase in cash and cash equivalents	645,827	1,297,959
Cash and cash equivalents at beginning of year	4,352,219	3,054,260
Cash and cash equivalents at the end of year	4,998,046	4,352,219
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	4,998,046	4,352,219
	4,998,046	4,352,219

The notes on pages 16 to 34 form part of these financial statements.

The Big Issue Group Limited

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Notes to the Financial Statements for the Year Ended 31 March 2018

1. General information

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

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

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

The following principal accounting policies have been applied:

The Big Issue Group Limited

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Notes to the Financial Statements for the Year Ended 31 March 2018

2. Accounting policies (continued)

2.2 Basis of consolidation

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

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

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

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

Limited Partnerships

The group manages three social investment fund limited partnerships, details of which are given in note 13 of the financial statements.

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

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

Income from other investments

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

The Big Issue Group Limited
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Notes to the Financial Statements
for the Year Ended 31 March 2018

2. Accounting policies (continued)

2.3 Going concern

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, the directors consider that the group will continue to meet its liabilities as they fall due.

2.4 Turnover

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

2.5 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 the group 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.

The Big Issue Group Limited

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Notes to the Financial Statements for the Year Ended 31 March 2018

2. Accounting policies (continued)

2.7 Tangible fixed assets

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

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

Depreciation is provided on the following basis:

Leasehold improvements	- 10% straight line
Motor vehicles	- 25% - 33% straight line
Furniture, fittings and equipment	- 20% - 33% straight line

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the consolidated statement of comprehensive income.

2.8 Operating leases

Rentals paid under operating leases are charged to the income statement on a straight line basis over the lease term.

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 Stocks

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

The Big Issue Group Limited

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Notes to the Financial Statements for the Year Ended 31 March 2018

2. Accounting policies (continued)

2.12 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.

2.13 Cash and cash equivalents

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

2.14 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 and loans to related parties.

Debt instruments (other than those wholly repayable or receivable within one year), include loans and other debtors and creditors. Debt instruments that are payable or receivable within one year, typically trade debtors or creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received.

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

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

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

2.15 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at cost, net of transaction costs (see note 2.13).

2.16 Finance costs

Finance costs are charged to the consolidated statement of comprehensive income 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.

The Big Issue Group Limited

(A Company Limited by Guarantee)

Notes to the Financial Statements for the Year Ended 31 March 2018

2. Accounting policies (continued)

2.17 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 the income statement 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.

2.18 Interest income

Interest income is recognised in the income statement using the effective interest method.

2.19 Taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the income statement, 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.

2.20 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the group but are presented separately due to their size or incidence.

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Notes to the Financial Statements for the Year Ended 31 March 2018

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

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

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

Other key sources of estimation uncertainty

- **Tangible fixed assets (see note 12)**
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 12) and loan interest receivable (see note 14)**
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 provision applied to the financial investments this financial year is £93,245 (2017 - £77,245).

4. Turnover

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

	2018 £	2017 £
Magazine sales	4,612,800	4,664,706
Advertising	817,443	778,383
Investment	658,034	546,366
Other income	968,278	709,344
Management fees	57,167	79,732
Income from other investments	1,022,229	501,255
	<u>8,135,951</u>	<u>7,279,786</u>

All turnover arose within the United Kingdom.

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Notes to the Financial Statements for the Year Ended 31 March 2018

5. Operating profit

The operating profit is stated after charging:

	2018 £	2017 £
Depreciation of tangible fixed assets	56,689	41,537
Other operating lease rentals	222,577	224,408
Profit/loss on sale of assets	-	(250)
	<u>279,266</u>	<u>466,695</u>

6. Auditor's remuneration

	2018 £	2017 £
Fees payable to the group's auditor and its associates for the audit of the groups annual accounts	3,500	2,930
Fees payable to the group's auditor and its associates for the audit of the company's subsidiaries annual accounts	67,475	59,705
Fees payable to the group's auditor and its associates in respect of:		
Services relating to corporate finance transactions	-	20,900
All other services	41,200	39,796
	<u>112,175</u>	<u>122,331</u>

7. Employees

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

	2018 £	2017 £
Wages and salaries	3,425,627	3,075,310
Social security costs	323,287	283,969
Cost of defined contribution scheme	20,846	13,828
	<u>3,769,760</u>	<u>3,373,107</u>

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

	2018 No.	2017 No.
	<u>106</u>	<u>94</u>

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Notes to the Financial Statements for the Year Ended 31 March 2018

8. Directors' remuneration

	2018 £	2017 £
Directors' emoluments	218,953	248,385
Company contributions to defined contribution pension schemes	11,788	1,279
	<u>230,741</u>	<u>249,664</u>

During the year retirement benefits were accruing to 3 directors (2017 - 3) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £81,006 (2017 - £113,870).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £11,034 (2017 - £555).

9. Interest payable and similar charges

	2018 £	2017 £
Bank interest payable	<u>276,908</u>	<u>197,872</u>

10. Taxation

	2018 £	2017 £
Corporation tax		
Current tax on profits for the year	68,816	34,878
Adjustments in respect of previous periods	188	(4,745)
Total current tax	<u>69,004</u>	<u>30,133</u>
Deferred tax		
Origination and reversal of timing differences	3,216	(122,010)
Changes to tax rates	-	3
Adjustments in respect of prior periods	6,121	(67)
Total deferred tax	<u>9,337</u>	<u>(122,074)</u>
Taxation on profit on ordinary activities	<u>78,341</u>	<u>(91,941)</u>

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Notes to the Financial Statements for the Year Ended 31 March 2018

10. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2017 - lower than) the standard rate of corporation tax in the UK of 19.01% (2017 - 20%). The differences are explained below:

	2018 £	2017 £
Profit on ordinary activities before tax	535,603	438,403
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.01% (2017 - 20%)	101,818	87,681
Effects of:		
Fixed asset differences	4,306	860
Expenses not deductible for tax purposes	28,672	(22,047)
Adjustments to tax charge in respect of prior periods	188	(4,745)
Adjustments to tax charge in respect of prior periods - deferred tax	6,121	-
Short term timing difference leading to an increase (decrease) in taxation	(699)	1,868
Non-taxable income	(18,914)	(12,605)
Other tax adjustments, reliefs and transfers	(43,151)	35,524
Group relief	-	1,955
Deferred tax not recognised	-	(180,432)
Total tax charge for the year	78,341	(91,941)

No deferred tax asset relating to taxable losses was recognised during the year. In the prior year, a deferred tax asset balance relating to taxable losses of £124,602 was recognised.

The main rate of UK corporation tax will decrease from 19% to 17% for 1 April 2020. As these changes had not been substantially enacted at the statement of financial position date, their effects are not included in the financial statements.

11. Exceptional items

	2018 £	2017 £
Exceptional items	21,332	-

During the year Big Issue Invest received a transfer of £260,359 cash, £186,785 of loan assets and £455,871 of corresponding liabilities from Big Issue Invest Trust. For which it will pay £21,332 to compensate for loss of loan interest income.

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Notes to the Financial Statements
for the Year Ended 31 March 2018

12. Tangible fixed assets

Group

	Leasehold improvements £	Furniture, fittings and equipment £	Total £
Cost or valuation			
At 1 April 2017	169,001	167,025	336,026
Additions	130,940	27,656	158,596
Disposals	-	(51,568)	(51,568)
At 31 March 2018	<u>299,941</u>	<u>143,113</u>	<u>443,054</u>
Depreciation			
At 1 April 2017	23,448	89,613	113,061
Charge for the year	26,721	29,968	56,689
Disposals	-	(50,203)	(50,203)
At 31 March 2018	<u>50,169</u>	<u>69,378</u>	<u>119,547</u>
Net book value			
At 31 March 2018	<u>249,772</u>	<u>73,735</u>	<u>323,507</u>
At 31 March 2017	<u>145,553</u>	<u>77,412</u>	<u>222,965</u>

The company had no tangible fixed assets.

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Notes to the Financial Statements
for the Year Ended 31 March 2018

13. Fixed asset investments

Group

	Loan stock £
Cost or valuation	
At 1 April 2017	9,828,917
Additions	7,114,293
Disposals	(2,979,775)
Amounts written off	(213,818)
Transfers intra group	186,785
At 31 March 2018	<u>13,936,402</u>
Impairment	
At 1 April 2017	77,245
Charge for the period	16,000
Revaluations	(38,051)
At 31 March 2018	<u>55,194</u>
Net book value	
At 31 March 2018	<u><u>13,881,208</u></u>
At 31 March 2017	<u><u>9,751,672</u></u>

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

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Notes to the Financial Statements for the Year Ended 31 March 2018

13. Fixed asset investments (continued)

Subsidiary undertakings

The following were subsidiary undertakings of the company:

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

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

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

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

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

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

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Notes to the Financial Statements for the Year Ended 31 March 2018

13. Fixed asset investments (continued)

Company

	Investments in subsidiary companies £
Cost or valuation	
At 1 April 2017	3
At 31 March 2018	<u>3</u>
Net book value	
At 31 March 2018	<u>3</u>
At 31 March 2017	<u>3</u>

The company's investment in subsidiaries: The Bag Issue Limited and Prevention Convention Limited were made in 2010.

The current year balance is £3 (2017 - £3).

14. Stocks

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Paper stock	<u>11,237</u>	<u>10,211</u>	<u>-</u>	<u>-</u>

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

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Notes to the Financial Statements
for the Year Ended 31 March 2018

15. Debtors

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Trade debtors	235,548	273,945	-	-
Other debtors	123,205	106,894	-	-
Prepayments and accrued income	176,820	114,001	-	-
Tax recoverable	302,759	215,986	-	-
Deferred taxation	112,089	121,426	-	-
Loan interest receivable	161,724	95,839	-	-
	<u>1,112,145</u>	<u>928,091</u>	<u>-</u>	<u>-</u>

16. Cash and cash equivalents

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Cash at bank and in hand	4,998,046	4,352,219	-	-
	<u>4,998,046</u>	<u>4,352,219</u>	<u>-</u>	<u>-</u>

Of the cash at bank and in hand for the group at year-end, £2,134,404 (2017 - £2,210,482) is committed for use in lending to social impact organisations.

17. Creditors: Amounts falling due within one year

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Bank loans	667,400	970,201	-	-
Other loans	25,380	-	-	-
Trade creditors	199,387	189,789	-	-
Amounts owed to SEIF funds	302,759	215,986	-	-
Corporation tax	86,696	42,673	-	-
Other taxation and social security	111,936	47,088	-	-
Other creditors	140,247	129,129	2	2
Accruals and deferred income	900,540	408,417	-	-
	<u>2,434,345</u>	<u>2,003,283</u>	<u>2</u>	<u>2</u>

The Big Issue Group Limited

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Notes to the Financial Statements for the Year Ended 31 March 2018

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

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Bank loans	7,098,747	5,644,487	-	-
Other loans	509,059	635,543	-	-
Other creditors	2,907,200	993,600	-	-
Deferred grants	4,422,762	3,491,507	-	-
	<u>14,937,768</u>	<u>10,765,137</u>	<u>-</u>	<u>-</u>

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

As at 31 March 2018 the group had 4 loans outstanding (2017 - 4). Bank loans of £0.67m (2017 - £0.97m) reach final maturity in 2018 and attract an interest rate of between 0% and 6.25%. Other bank loans of £7.1m (2017 - £5.7m) reach final maturity between 2019 and 2024 and attract an interest rate of 0%. Bank loan instalment repayments of £1.58m (2017 - £0.35m) 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 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Financial assets				
Financial assets that are debt instruments measured at amortised cost	<u>19,431,744</u>	<u>14,649,963</u>	<u>-</u>	<u>-</u>
Financial liabilities				
Financial liabilities measured at amortised cost	<u>12,227,700</u>	<u>9,145,798</u>	<u>(2)</u>	<u>(2)</u>

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

Financial liabilities measured at amortised cost comprise bank loans, trade and other creditors and accrued expenses.

The Big Issue Group Limited

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Notes to the Financial Statements for the Year Ended 31 March 2018

20. Deferred taxation

Group

	2018 £	2017 £
At beginning of year	121,426	(648)
Charged to profit or loss	(9,337)	122,074
At end of year	112,089	121,426

At end of year

	Group 2018 £	Group 2017 £
Accelerated capital allowances	179	5,117
Short term timing differences	(374)	6,494
Tax losses carried forward and other deductions	112,284	109,815
	112,089	121,426

21. Reserves

Share capital

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

Profit and loss account

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

22. Company status

The company is a private company limited by guarantee and consequently does not have share capital. Each of the members is liable to contribute an amount not exceeding £1 towards the assets of the company in the event of liquidation. As at 31 March 2018, the company had 2 members, A J Bird and N Kershaw (2017 - 2 members, A J Bird and N Kershaw).

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

The Big Issue Group Limited

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Notes to the Financial Statements for the Year Ended 31 March 2018

23. 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 £20,846 (2017 - £13,828). Contributions totalling £2,141 (2017 - £3,322) were payable to the fund at the reporting date and are included in creditors.

24. Commitments under operating leases

At 31 March 2018 the group had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2018 £	Group 2017 £
Not later than 1 year	186,586	181,222
Later than 1 year and not later than 5 years	330,120	410,704
Later than 5 years	127,200	160,900
	<u> </u>	<u> </u>

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

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Notes to the Financial Statements for the Year Ended 31 March 2018

25. 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 £48,000 (2017 - £15,000) 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 £15,803 from Big Issue Invest Trust and Big Issue Invest Limited owes £35,361 to Big Issue Invest Trust.

During the year, the company made payments of £Nil (2017 - £9,549) to Geo Economics, an organisation partly owned by S Foster, while she was a director of Big Issue Invest Limited for freelance services.

During the year, the company made payments of £Nil (2017 - £3,437) to Matter & Co, and organisation partly owned by T West, while he was a director of Big Issue Invest Limited for freelance services.

The group recharged expenses to a connected entity, The Big Issue Foundation, during the year of £209,987 (2017 - £182,016), The amount outstanding at the year end is £128 (2017 - £400).

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. £141,709 (2017 - £163,391) was received from Big Issue Invest Social Enterprise Investment Fund I LP, £655,197 (2017 - £402,596) was received from Big Issue Invest Social Enterprise Investment Fund II LP and £324,000 was received from Big Issue Invest Outcomes LP. All three entities are related parties of the Group by virtue of the Group's control of these entities. In addition, Big Issue Invest Corporate Social Venturing no longer owed The Social Enterprise Loan Fund £50,000 (2017 - £50,000) as this was converted into a grant during the year in relation to the "Tech for Good" project.

Key management personnel include all directors who together have authority and responsibility for planning, directing and controlling the activities of the group. The total compensation paid to key management personnel for services provided to the group was £230,741 (2017 - £249,664).

26. Controlling party

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