

The Big Issue in Scotland Limited
(a company limited by guarantee)

**Directors' report and financial
statements**

Registered number SC 144546

30 June 2001



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Directors' report

The directors present their annual report and audited financial statements for the year ended 30 June 2001.

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year. In preparing those financial statements, the directors are required to:

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

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

Principal activity

The principal activity of the company is the publication of a magazine which is sold by homeless people. Homeless people buy the magazine from the company for 40 pence and sell it to the general public for £1. The philosophy behind the transaction is for homeless people to help themselves. The role of the company is to provide an attractive magazine filled with interesting articles which the general public will want to buy.

Business review

The directors are pleased with the results for the year which are shown on page 4.

Directors and directors' interests

The directors who held office during the year were as follows:

PA Hughes
JM Young

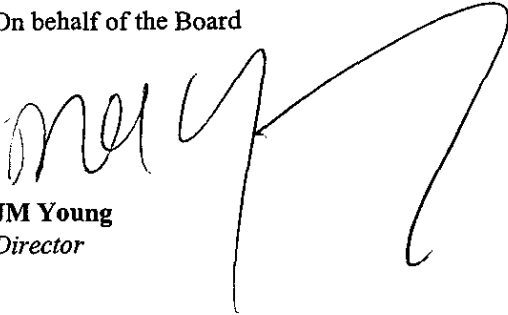
The company is limited by guarantee, having no share capital. Each member of the company has undertaken to contribute an amount not exceeding £5 towards any deficit arising in the event of the company being placed in liquidation. The directors have no beneficial interest in the company or its activities.

Directors' report *(continued)*

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

On behalf of the Board

A large, stylized handwritten signature in black ink, appearing to read 'JM Young', is written over the printed name and title.

JM Young
Director

50 Lothian Road
EDINBURGH
EH3 9WJ



Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG
United Kingdom

Independent auditors' report to the members of The Big Issue in Scotland Limited

We have audited the financial statements on pages 4 to 10.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 1, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

Basis of audit opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 June 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in black ink, appearing to be 'KPMG' or a similar stylized signature.

KPMG
Chartered Accountants
Registered Auditors

10 April 2002.

Profit and loss account
for the year ended 30 June 2001

	<i>Note</i>	2001 £	2000 £
Turnover		1,310,859	1,478,416
Cost of sales		(1,159,585)	(1,236,044)
Gross profit		151,274	242,372
Distribution costs		(22,257)	(27,630)
Administrative expenses		(607,055)	(606,895)
Other operating income		480,844	394,671
Operating profit		2,806	2,518
Interest receivable and similar charges		-	293
Interest payable and similar charges		(89)	(2,303)
Profit on ordinary activities before taxation	3	2,717	508
Tax on profit on ordinary activities	5	-	-
Retained profit for the financial year	11	2,717	508

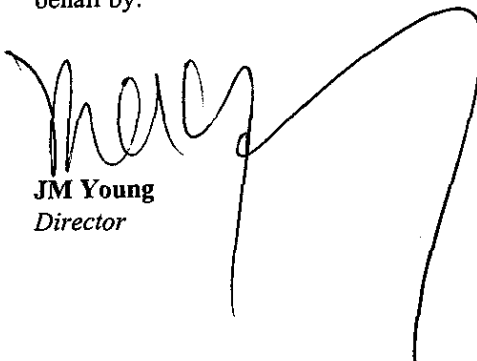
Other than the profit for the year and the loss for the preceding year, there have been no other recognised gains or losses.

Balance sheet
at 30 June 2001

	Note	£	2001 £	£	2000 £
Fixed assets					
Tangible assets	6		38,586		66,212
Current assets					
Stock	7	-		1,500	
Debtors	8	194,653		242,405	
Cash at bank and in hand		99,992		6,485	
			<u>294,645</u>	<u>250,390</u>	
Creditors: amounts falling due within one year	9	(299,242)		(265,380)	
			<u>(14,963)</u>	<u>(14,990)</u>	
Net current (liabilities)/assets			(4,597)		(14,990)
Creditors: amounts falling due over one year	10		(14,963)		(34,913)
			<u>19,026</u>	<u>16,309</u>	
Net assets					
			<u>19,026</u>	<u>16,309</u>	
Reserves					
Profit and loss account	11		19,026		16,309
			<u>19,026</u>	<u>16,309</u>	

These financial statements were approved by the Board of Directors on behalf by:

and were signed on its


JM Young
Director

Notes

(forming part of the financial statements)

1 Status of the company

The company is limited by guarantee of its members and does not have a share capital. Each member of the company has undertaken to contribute an amount not exceeding £5 towards any deficit arising in the event of the company being wound up.

2 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules and on a going concern basis which assumes that the company will continue to trade. The validity of this assumption is dependent upon future profitability. If the company were unable to continue to trade, adjustments would have to be made to reduce the value of assets to their recoverable amounts, to provide for any further liabilities that may arise and to reclassify fixed assets as current assets.

The company is a small company as defined in the Companies Act 1985 and is exempt by FRS 1 from the requirement to prepare a cash flow statement.

Fixed assets and depreciation

Depreciation is provided by the company to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives, as follows:

Computer equipment	3-5 years
Office equipment	5 years
Fixtures and fittings	5 years
Leasehold improvements	5 years
Motor vehicles	1-4 years

Taxation

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

Turnover

Turnover represents amounts (excluding VAT) derived from the provision of goods and services to customers during the year.

Leases

Rentals under operating leases are charged to the profit and loss account as incurred.

Stocks

Stocks are stated at the lower of cost and net realisable value.

Notes (continued)

3 Profit on ordinary activities before taxation

	2001 £	2000 £
<i>Profits on ordinary activities before taxation is stated after charging</i>		
Directors' remuneration for executive services	72,000	72,000
Auditors' remuneration	5,700	4,000
Depreciation of tangible fixed assets owned	6,278	16,620
Depreciation of tangible fixed assets under finance lease	22,176	6,468
Rentals payable under operating leases for property	62,185	79,466
Loss on sale of fixed assets	2,310	-
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4 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year was 41 (2000: 37).

The aggregate payroll costs of these persons were as follows:

	2001 £	2000 £
Wages and salaries	633,940	566,965
Social security costs	55,785	48,690
	<hr/>	<hr/>
	689,725	615,655
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5 Taxation

No corporation tax charge has arisen on the result for the year due to losses incurred in prior years.

Notes (continued)

6 Tangible fixed assets

	Office equipment £	Fixtures & fittings £	Computer equipment £	Motor vehicles £	Leasehold improvements £	Total £
Cost						
At beginning of year	15,848	1,928	105,828	6,060	14,090	143,754
Additions	-	-	-	1,100	-	1,100
Disposals	-	-	-	(6,060)	-	(6,060)
At end of year	15,848	1,928	105,828	1,100	14,090	138,794
Depreciation						
At beginning of year	15,848	1,928	41,131	4,545	14,090	77,542
Charge for year	-	-	26,844	1,610	-	28,454
Disposals	-	-	-	(5,788)	-	(5,788)
At end of year	15,848	1,928	67,975	367	14,090	100,208
Net book value						
At 30 June 2001	-	-	37,853	733	-	38,586
At 30 June 2000	-	-	64,697	1,515	-	66,212

7 Stock

	2001 £	2000 £
Finished goods and goods for resale	-	1,500

8 Debtors

	2001 £	2000 £
Trade debtors	167,599	154,415
Other debtors	1,123	70,912
Prepayments and accrued income	25,931	17,078
	194,653	242,405

Notes (continued)

9 Creditors: amounts falling due within one year

	2001 £	2000 £
Trade creditors	150,904	184,942
Bank overdraft	-	-
Taxation and social security	26,808	39,445
HP creditors	19,950	19,950
Other creditors	16,501	593
Accruals	85,079	20,450
	<u>299,242</u>	<u>265,380</u>

10 Creditors: amounts falling due over 1 year

	2001 £	2000 £
HP creditor	14,963	34,913
	<u>14,963</u>	<u>34,913</u>

11 Profit and loss account

	2001 £	2000 £
At beginning of year	16,309	15,801
Retained profit/(loss) for the financial year	2,717	508
	<u>19,026</u>	<u>16,309</u>
At end of year	19,026	16,309

12 Commitments

Annual commitments under operating leases are as follows:

	2001 Land and buildings £	2000 Land and buildings £
Operating leases which expire:		
Within one year	-	60,466
In the second to fifth years inclusive	19,000	19,000
	<u>19,000</u>	<u>79,466</u>

Notes *(continued)*

13 Related party transactions

The company rents premises from the Big Issue Foundation Scotland, which is a registered charity managed by the directors of the company. Rentals and service charges payable to Big Issue Foundation Scotland for the year amounted to £60,466.

The amount due at 30 June 2001 by The Big Issue in Scotland Limited to The Big Issue Foundation Scotland amounts to £32,389.

14 Ultimate holding company

The company's ultimate holding company is The Big Issue (Scotland) Limited, a company registered in Scotland. Copies of the financial statements of The Big Issue (Scotland) Limited may be obtained from Companies House, 37 Castle Terrace, Edinburgh.