



Retail Charity Bonds plc
Audited Condensed Financial Statements
for the period ended 31 August 2014

Registered number: 8940313
Date of incorporation: 14th March, 2014

Retail Charity Bonds plc

**Contents of the Condensed Financial Statements
for the Period Ended 31 August 2014**

Contents

	Page
Reference and Administrative Details	3
Report of the Independent Auditors	4
Profit and Loss Account	6
Balance Sheet	7
Cash Flow Statement	8
Notes to the Financial Statements	9

**Retail Charity Bonds plc
Reference and Administrative Details
for the Period Ended 31 August 2014**

DIRECTORS: John Tattersall
Gordon D'Silva
Arvinda Gohil
Tom Hackett
Tim Jones
Geetha Rabindrakumar
Clare Thompson
Philip Wright

SECRETARY: Cargil Management Services Limited
22 Melton Street
London
NW1 2BW

REGISTERED OFFICE: 27/28 Eastcastle Street
London
W1W 8DH

COMPANY NUMBER: 8940313

AUDITORS: Baker Tilly UK Audit LLP
25 Farringdon Street
London
EC4A 4AB

PRINCIPAL BANKERS: National Westminster Bank plc
135 Bishopsgate
London
EC2M 3UR

SOLICITORS Linklaters LLP
One Silk Street
London
EC2Y 8HQ

Retail Charity Bonds plc
Report of the Independent Auditors
for the period ended 31 August 2014

We report on the condensed financial statements of Retail Charity Bonds plc ("the Company") on pages 6 to 14. The condensed financial statements have been prepared on the basis of the accounting policies set out at Note 1 of the condensed financial statements. This report is required by paragraph 8.2 of Annex VII of Appendix 3.1.1 of the Prospectus Rules and is given for the purpose of complying with that paragraph and for no other purpose.

Responsibilities

The Directors of the Company are responsible for preparing the condensed financial statements in accordance with UK GAAP.

It is our responsibility to form an opinion on the condensed financial statements and to report our opinion to you.

Save for any responsibility arising under of Prospectus Rule 5.4.2R(2)(f) to any person as and to the extent there provided, to the fullest extent permitted by law, we do not accept or assume responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with paragraph 9.1 of Annex VII of Appendix 3.1.1 of the Prospectus Rules, or consenting to its inclusion in the Prospectus.

Basis of opinion

We conducted our work in accordance with Standards for Investment Reporting issued by the Financial Reporting Council in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the condensed financial statements. It also included an assessment of significant estimates and judgments made by those responsible for the preparation of the condensed financial statements and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the condensed financial statements are free from material misstatement whether caused by fraud or other irregularity or error.

**Retail Charity Bonds plc
Report of the Independent Auditors
for the period ended 31 August 2014**

Opinion

In our opinion, the condensed financial statements give, for the purposes of the Prospectus, a true and fair view of the state of affairs of Retail Charity Bonds plc as at the dates stated and of its results, cash flows and changes in equity for the periods then ended in accordance with UK GAAP.

Yours faithfully

Baker Tilly Corporate Finance LLP

BAKER TILLY CORPORATE FINANCE LLP

9 March 2015

Regulated by the Institute of Chartered Accountants in England and Wales

Baker Tilly Corporate Finance LLP is a limited liability partnership registered in England and Wales, registered no. OC325347. A list of the names of members is open to inspection at the registered office 25 Farringdon Street London EC4A 4AB.

Retail Charity Bonds plc
Profit and Loss Account
for the period ended 31 August 2014

	Notes	Period ended 31 August 2014 £'000
Interest receivable and similar income	3	41
Interest payable and similar charges	4	(41)
Other income		31
Administrative expenditure		(30)
		1
Profit before taxation		1
Tax	5	-
PROFIT FOR THE PERIOD		1

The period from incorporation on 14 March 2014 to 31 August 2014 represents the first period of trading for the company.

All of the above results are derived from continuing activities. All gains and losses recognised in the year are included above.

The notes on pages 9 to 14 form part of these financial statements.

Retail Charity Bonds plc
Balance sheet
as at 31 August 2014

	Notes		At 31 August 2014
			£'000
Debtors: amounts due after more than one year			
Loans receivable	6		10,867
Current assets			
Debtors	7	125	
Cash at bank and in hand		65	
		<u>190</u>	
Creditors			
Amounts falling due within one year	8	<u>(139)</u>	
Net current assets			<u>51</u>
Total assets less current liabilities			10,918
Creditors			
Amounts falling due after one year	9		(10,867)
Net assets			<u><u>51</u></u>
Capital and reserves			
Share Capital	10		50
Profit and loss account	11		<u>1</u>
Shareholder's funds	12		<u><u>51</u></u>

The financial statements were approved by the Directors on 9 March 2015 and were signed on their behalf by:



.....
 JOHN TATTERSALL - CHAIRMAN

The notes on pages 9 to 14 form part of these financial statements.

Retail Charity Bonds plc
Cash Flow Statement
for the period ended 31 August 2014

		Period ended 31 August 2014 £'000
	£'000	£'000
Reconciliation of profit to net cash inflow		
Profit before tax		1
Receipt of bond proceeds		10,930
Loan advanced to Golden Lane Housing		(10,867)
Increase in debtors		(75)
Increase in creditors		76
Net cash inflow from operations		<u>65</u>
Increase in cash		65
Cash brought forward		<u>-</u>
Net cash resources at 31 August 2014		<u><u>65</u></u>

Retail Charity Bonds plc
Notes to the Financial Statements
for the period ended 31 August 2014

1. ACCOUNTING POLICIES

The condensed financial statements have been prepared in accordance with applicable Financial Reporting Standards in the United Kingdom (UK GAAP).

A summary of the more important accounting policies, which have been consistently applied, are set out below:

Basis of preparation

The financial statements have been prepared on a going concern basis and the historical cost convention.

Financial instruments

Financial instruments are classified and accounted for according to the substance of the contractual arrangement.

Bonds and loans are held at amortised cost using the effective interest rate method. The discount and issue costs of the bond are amortised over its life.

Short term borrowings and overdrafts are classified as other liabilities and are held at cost.

Bond issuing costs

Costs in respect of the issue of new bonds are deducted from proceeds and amortised to the profit and loss account over the expected life of the bond.

2. STAFF COSTS

The company employs no staff. All staff are provided by Allia Bond Services Limited.

None of the directors had any interest in the company and none received remuneration for their services.

3. INTEREST RECEIVABLE AND SIMILAR INCOME

	Period ended 31 August 2014 £'000
Interest receivable on loan to Golden Lane Housing	<u>41</u>

Retail Charity Bonds plc
Notes to the Financial Statements
for the period ended 31 August 2014

4. INTEREST PAYABLE AND SIMILAR CHARGES

	Period ended 31 August 2014 £'000
Interest payable to bond holders	41

5. TAX ON PROFIT OR ORDINARY ACTIVITIES

	Period ended 31 August 2014 £'000
Analysis of tax charge in period	
Current tax on income for the period	-
Deferred tax	-
Tax on profit on ordinary activities	-

The tax assessed for the period is equal to the standard rate of corporation tax in the UK at 23%.

	Period ended 31 August 2014 £'000
Profit for the period before taxation	1
UK corporation tax at 23%	-
Current tax charge for the year	-

Retail Charity Bonds plc
Notes to the Financial Statements
for the period ended 31 August 2014

6. DEBTORS: AMOUNTS DUE AFTER MORE THAN ONE YEAR

As at 31
August
2014
£'000

Loan to Golden Lane Housing	10,867
	10,867

The loan to Golden Lane Housing is unsecured (see note 9 for further details).

7. DEBTORS

As at 31
August
2014
£'000

Other debtors	31
Amounts owing from related companies	50
Accrued interest on Golden Lane Housing loan	44
	125

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

As at 31
August
2014
£'000

Trade creditors	6
Other creditors	26
Interest on bond to fund Golden Lane Housing loan	44
Accruals	63
	139

Retail Charity Bonds plc
Notes to the Financial Statements
for the period ended 31 August 2014

9. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	As at 31 August 2014 £'000
Bond to fund Golden Lane Housing loan	10,867
	10,867

On 29 July, 2014 the Company successfully issued a £11 million bond at a coupon of 4.375% with repayment due in full on 29 July 2021. The funds received after bond issue costs were £10,867,000 which equates to a fixed interest rate of 4.575%.

The costs of issuing the bond were £133,000 leaving a net balance of £10,867,000 which was lent to Golden Lane Housing Limited (the "Charity"), an independent charity established in 1998 by Mencap.

The bond issue costs are amortised over the term of the bond using the effective interest rate method. The Charity is liable to the Company for both the bond coupon and the amortisation cost of the bond issue cost, under an agreement between the companies.

The Company's rights to receive payments under the loan from the Charity and certain related rights under the issue documents for the Bonds (the "Charged Assets") are charged as security for the benefit of the investors in the Bonds. This means that if the Charity fails to make payments of interest or repayments of principal under the loan agreement and this results in the occurrence of an event of default under the terms and conditions of the Bonds, the Trustee (acting on the instructions of the Bondholders) may enforce the terms of the Loan against the Charity.

The bond prospectus stipulates that the obligations of the Company to pay amounts due on the Bond are limited to the Charged Assets. Therefore, the risk of default by the Charity is fully borne by the investors in the Bonds.

The borrowings are due as follows:

	As at 31 August 2014 £'000
Due in more than five years	10,867
	10,867

Retail Charity Bonds plc
Notes to the Financial Statements
for the period ended 31 August 2014

10. SHARE CAPITAL

	As at 31 August 2014 £'000
Authorised issued share capital	50
Allotted, called up, but not paid	<div style="border-top: 1px solid black; display: inline-block; width: 100px;"></div> 13

During the period 50,000 £1 Ordinary shares were issued at par. £12,500 of the issued share capital is allotted, called up, but not paid. The remaining £37,500 is allotted, but not called up or paid.

In addition, one ordinary share was issued, which is designated as a "Special Share". In respect of any resolution proposed in relation to any alteration in the articles of association of the Company, the holder of the Special Share is entitled to cast such number of votes as is necessary to defeat the resolution and, in the event that the holder of the Special Share has not voted in respect of any such resolution, such resolution will be deemed not to have been passed. The holder of the Special Share shall not be entitled to vote in relation to any matter other than a proposed alteration in the articles of association of the Company.

11. PROFIT AND LOSS ACCOUNT

	£'000
As at 14 March 2014 (incorporation)	-
Profit for the period	<div style="border-top: 1px solid black; display: inline-block; width: 100px;"></div> 1
As at 31 August 2014	<div style="border-top: 1px solid black; border-bottom: 3px double black; display: inline-block; width: 100px;"></div> 1

12. MOVEMENT IN SHAREHOLDER'S FUNDS

	£'000
Shares issued during the period	50
Profit for the period	<div style="border-top: 1px solid black; display: inline-block; width: 100px;"></div> 1
Net additions to shareholder's funds	<div style="border-top: 1px solid black; display: inline-block; width: 100px;"></div> 51
Opening shareholder's funds	-
Closing shareholder's funds	<div style="border-top: 1px solid black; border-bottom: 3px double black; display: inline-block; width: 100px;"></div> 51

Retail Charity Bonds plc
Notes to the Financial Statements
for the period ended 31 August 2014

13. RELATED PARTIES

Philip Wright, a director of Retail Charity Bonds plc, is also a director of Allia Limited. Timothy Jones, a director of Retail Charity Bonds plc, is also Company Secretary and Chief Executive of Allia Limited. During the period to 31 August, 2014 the company received income of £31,000 from Allia Bond Services Limited, a wholly owned subsidiary of Allia Limited. At 31 August, 2014, the company owed Allia Bond Services Limited £25,000 and was owed £31,000 from Allia Bond Services Limited.

In addition, Allia Limited holds the £1 Special Share described in note 10.

14. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The ultimate parent undertaking and controlling party is RC Bond Holdings Limited, which is a company limited by guarantee (registered company number 8936422). The results of the company are not consolidated in the accounts of any other company.

15. POST BALANCE SHEET EVENTS

There were no significant post balance sheet events requiring disclosure in these financial statements.