



**Retail Charity Bonds plc**  
**Financial Statements**  
**for the year ended 31 August 2016**

Registered number: 8940313

**Retail Charity Bonds plc**

**Contents of the Financial Statements  
for the year ended 31 August 2016**

**Contents**

	<b>Page</b>
<b>Reference and Administrative Details</b>	<b>3</b>
<b>Strategic Report</b>	<b>4</b>
<b>Directors' Report</b>	<b>7</b>
<b>Report of the Independent Auditor</b>	<b>9</b>
<b>Statement of Comprehensive Income</b>	<b>11</b>
<b>Statement of Financial Position</b>	<b>12</b>
<b>Statement of Changes in Equity</b>	<b>13</b>
<b>Statement of Cash Flows</b>	<b>14</b>
<b>Notes to the Financial Statements</b>	<b>15</b>

**Retail Charity Bonds plc**  
**Reference and Administrative Details**  
**for the year ended 31 August 2016**

DIRECTORS: John Tattersall (Chairman)  
Gordon D'Silva  
Thomas Hackett (Chairman, Review Committee)  
Timothy Jones  
Geetha Rabindrakumar  
Clare Thompson  
Philip Wright (Chairman, Audit Committee)

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

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

COMPANY NUMBER: 8940313

AUDITOR: RSM UK Audit LLP  
The Pinnacle  
170 Midsummer Boulevard  
Milton Keynes  
Buckinghamshire  
MK9 1BP

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

SOLICITORS Linklaters LLP  
One Silk Street  
London  
EC2Y 8HQ

**Retail Charity Bonds plc**  
**Strategic Report**  
**for the year ended 31 August 2016**

## **Summary and highlights**

### ***Results***

The Directors present their Annual Report and audited financial statements for the year to 31 August 2016.

The results of Retail Charity Bonds plc (the "Company") are set out on page 11. The articles of the Company do not permit the payment of a dividend.

### ***Key performance indicators***

The Company has no specific key performance indicators. It is monitored against the original performance model and it is thus expected to break even.

### **Chairman's statement**

The Directors of Retail Charity Bonds plc are pleased to have approved the issue of a further bond in this year to the Charities Aid Foundation. Each member of the Board continues to give his or her time pro bono in order to support this important initiative and provide charities with access to the retail bond market, and we are grateful to all of them for their contribution.

Performance this year has been in line with expectations and we look forward to working with further charities in the coming year.

### ***Business model and strategy***

The Company is a special purpose vehicle created by Allia Limited, a national charity and social finance specialist. The Company has been established for the purpose of issuing bonds and lending the proceeds to UK charities to enable them to deliver their charitable mission. It will not engage in any other business activity.

The Board has established two committees:

1. The Review Committee is responsible for reviewing all loans to be made by the Company, recommending them to the Board for approval, considering the risk disclosures that will be required in relation to the charity and for recommending to the Board for approval any bond issues and the particular disclosures to be made in the relevant prospectus.
2. The Audit Committee is responsible for the Company's relationship with its external auditors, including advising the board on selection and remuneration, and for reviewing the operation of its internal controls as carried out on its behalf by Allia Impact Finance Limited ("Allia IFL").

On 12 April 2016 the Company issued £30,000,000 5.000% bonds due 2021, including £10,000,000 of retained bonds, secured on a loan to Charities Aid Foundation ("CAF"). The cost of issuing the bond was £276,000 leaving a net balance of £19,724,000, which was advanced to CAF through a security trust arrangement with Prudential Trustee Company Limited.

**Retail Charity Bonds plc**  
**Strategic Report**  
**for the year ended 31 August 2016**

The costs of issue are amortised over the term of the bond using the effective interest rate method, resulting in an effective interest rate of 5.18%. CAF is liable to the Company for both the bond coupon and the issue costs under the terms of the loan advance agreement.

The Company has appointed Allia IFL as origination manager to identify further suitable charity borrowers who would benefit from being able to access finance through a retail bond.

**Financial risk management**

The Company's operations expose it to a variety of financial risks that include the effects of interest rate risk, liquidity risk and credit risk.

***Interest rate risk***

As at 31 August 2016 100% of the Company's debt was on fixed rate terms. There is no intention to repay any debt prior to maturity; therefore any movement in the market value of debt due to changes in interest rates is not deemed material to the ongoing operations of the Company.

***Liquidity risk***

The Company actively lends the full amount of the loans it itself borrowed, thus it has assets to fully offset its liabilities and interest receivable to offset its interest payable.

***Credit risk***

The Company is reliant on the interest paid on its loans to fund the interest owing to bondholders. The Company's rights to receive payments from the borrowers under the loans and certain related assets under the issue documents for the bonds (the "Charged Assets") are charged as security for the benefit of the investors in each of the bonds.

As each bond prospectus stipulates that the obligations of the Company to pay amounts due on the bond are limited to the Charged Assets, the bondholders do not have recourse to any general assets of the Company and the risk of default by the borrowers is fully borne by the investors in the bonds.

***Operational risks***

Since the Company has no employees, it relies entirely on Allia IFL to provide management and administrative services. Any disruptions in the servicing arrangements could have an adverse effect on the Company. Having considered the complexity and volume of the transactions and the capability of Allia IFL, this risk is judged to be low.

**Future outlook**

The Directors are satisfied with the results in the year and expect future performance to continue on the same basis.

The Company expects to issue further bonds in the next twelve months.

**Retail Charity Bonds plc  
Strategic Report  
for the year ended 31 August 2016**

**Corporate governance statement**

***Internal control***

The Company regards the successful identification, monitoring and control of risk as an essential part of its operations and has procedures in place to do so effectively.

By order of the board

A handwritten signature in black ink, appearing to read 'J. Tattersall', with a long horizontal flourish extending to the right.

John Tattersall  
Chairman  
1 December 2016

**Retail Charity Bonds plc  
Directors' Report  
for the year ended 31 August 2016**

**Incorporation**

The Company was incorporated in England and Wales on 14 March 2014. Its ultimate parent undertaking is RC Bond Holdings Limited.

**Principal activities**

The principal activity of the Company is to act as a special purpose vehicle for the purpose of issuing bonds and lending the proceeds to UK charities. It will not engage in any other business activity.

The Directors of the Company who have served during the year and to the date of the financial statements are:

John Tattersall (Chairman)  
Gordon D'Silva  
Arvinda Gohil (resigned 8<sup>th</sup> June 2016)  
Thomas Hackett  
Timothy Jones  
Geetha Rabindrakumar  
Clare Thompson  
Philip Wright

**Independent auditor**

RSM UK Audit LLP has indicated its willingness to continue in office and a resolution concerning its reappointment will be proposed at the Annual General Meeting.

**Directors' remuneration**

None of the Directors received any remuneration from the Company.

**Directors' insurance**

The Company has purchased insurance against Directors' liability for the benefit of the Directors of the Company.

**Statement of Directors' Responsibilities**

The Directors are responsible for preparing the Strategic Report and the Directors' Report and the 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 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 Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

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

In addition, 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 enable them

**Retail Charity Bonds plc  
Directors' Report  
for the year ended 31 August 2016**

to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Retail Charity Bonds plc website.

In accordance with Section 418, each Director in office at the date of the Directors' Report confirms that:

- (a) so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- (b) they have taken all 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 auditor is aware of that information.

By order of the board

A handwritten signature in black ink, appearing to read 'John Tattersall', with a long horizontal flourish extending to the right.

John Tattersall  
Chairman  
1 December 2016



## **Independent Auditor's Report to the members of Retail Charity Bonds plc**

We have audited the financial statements on pages 11 to 23.

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), including FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the 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 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditor**

As more fully explained in the Directors' Responsibilities Statement set out on pages 7 to 8, 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 International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 August 2016 and of its result 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.

### **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.

**Independent Auditor's Report to the members of  
Retail Charity Bonds plc**

**Matters on which we are required to report by exception**

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.



Graham Ricketts (Senior Statutory Auditor)  
For and on behalf of RSM UK Audit LLP Statutory Auditor  
Chartered Accountants  
The Pinnacle  
170 Midsummer Boulevard  
Milton Keynes  
Buckinghamshire  
MK9 1BP

1 December 2016

**Retail Charity Bonds plc**  
**Statement of Comprehensive Income**  
**for the year ended 31 August 2016**

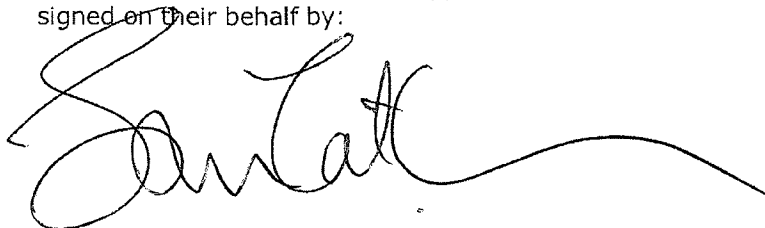
		Year ended 31 August 2016	Period ended 31 August 2015
	Notes	£'000	£'000
Turnover	2	37	32
Interest receivable and similar income	4	2,045	941
Interest payable and similar charges	6	(2,045)	(941)
Other income		22	59
Administrative expenditure		(59)	(89)
		<hr/>	<hr/>
<b>Profit before taxation</b>		-	2
Tax	7	-	-
		<hr/>	<hr/>
<b>Profit and total comprehensive income for the year</b>		<hr/> <hr/>	<hr/> <hr/>

The notes on pages 15 to 23 form part of these financial statements.

**(Registered number: 8940313)**  
**Retail Charity Bonds plc**  
**Statement of Financial Position**  
**as at 31 August 2016**

	Notes	As at 31 August 2016 £'000	As at 31 August 2015 £'000
<b>Current assets</b>			
Debtors: amounts due after more than one year	8	57,435	37,667
Debtors: amounts due after less than one year	9	832	513
Cash at bank and in hand		111	2
		58,378	38,182
<b>Creditors</b>			
Amounts falling due within one year	10	(891)	(463)
		57,487	37,719
<b>Net current assets</b>			
<b>Creditors</b>			
Amounts falling due after one year	11	(57,435)	(37,667)
		52	52
<b>Net assets</b>			
<b>Capital and reserves</b>			
Share capital	12	50	50
Profit and loss account		2	2
		52	52
<b>Shareholder's funds</b>			

The financial statements were approved by the Directors on 1 December 2016 and were signed on their behalf by:



.....  
 JOHN TATTERSALL - CHAIRMAN

The notes on pages 15 to 23 form part of these financial statements.

**(Registered number: 8940313)**  
**Retail Charity Bonds plc**  
**Statement of Changes in Equity**  
**For the year ended 31 August 2016**

	Share capital	Profit and loss account	TOTAL
	£'000	£'000	£'000
<b>Balance at 14 March 2014</b>	-	-	-
Issue of shares	50	-	50
Profit for the period	-	2	2
<b>Balance at 31 August 2015</b>	<u><b>50</b></u>	<u><b>2</b></u>	<u><b>52</b></u>
Profit for the year	-	-	-
<b>Balance at 31 August 2016</b>	<u><b>50</b></u>	<u><b>2</b></u>	<u><b>52</b></u>

The notes on pages 15 to 23 form part of these financial statements.

**Retail Charity Bonds plc**  
**Statement of Cash Flows**  
**for the year ended 31 August 2016**

	Year ended 31 August 2016 £'000	Period ended 31 August 2015 £'000
<b>Reconciliation of profit to net cash inflow</b>		
Profit after tax	-	2
Receipt of bond proceeds	19,724	37,643
Loans advanced	(19,724)	(37,643)
Interest received	1,669	481
Interest paid	(1,669)	(481)
Increase in debtors	(13)	(27)
Increase in creditors	122	27
<b>Net cash inflow from operations</b>	<u>109</u>	<u>2</u>
 <b>CASHFLOW FOR THE PERIOD</b>		
<b>Increase in cash</b>	109	2
Cash brought forward	2	-
<b>Net cash resources at period end</b>	<u>111</u>	<u>2</u>

**Retail Charity Bonds plc**  
**Notes to the Financial Statements**  
**for the year ended 31 August 2016**

**1. GENERAL INFORMATION**

Retail Charity Bonds plc ("the Company") is a limited company domiciled and incorporated in England.

The address of the Company's registered office and principal place of business is shown on page 3.

The Company's principal activities are disclosed in the Director's Report.

**ACCOUNTING POLICIES**

The Company was incorporated on 14 March 2014 and the comparative figures shown in these accounts relate to the period from that date until 31 August 2015.

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, and under the historical cost convention.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest whole £1,000, except where otherwise indicated.

*First time adoption of FRS 102*

These financial statements are the first financial statements of Retail Charity Bonds plc prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102). The financial statements of Retail Charity Bonds plc for the year ended 31 August 2015 were prepared in accordance with previous UK GAAP.

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the directors have amended certain accounting policies to comply with FRS 102.

No adjustments to opening reserves were made for transition to FRS102 and the comparatives have not been restated.

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 in accordance with FRS 102 and the historical cost convention.

*Financial instruments*

Financial instruments are classified and accounted for according to the substance of the contractual arrangement. The Company considers that all of its financial instruments are "Basic Financial Instruments" and has elected to apply the provisions of Section 11 accordingly.

Basic financial assets, which include trade and other receivables, accrued revenue and cash and bank balances, are initially measured at transaction price including

**Retail Charity Bonds plc**  
**Notes to the Financial Statements**  
**for the year ended 31 August 2016**

transaction costs and are subsequently carried at amortised cost using the effective interest rate method.

Bonds and loans are held at amortised cost using the effective interest rate method. The discount and issue costs of each bond are amortised over the life of the bond to which they relate.

Basic financial liabilities, including trade and other payables and accrued expenses are initially recognised at transaction price and subsequently carried at amortised cost, using the effective interest rate method.

*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.

*Going concern*

At the date of these financial statements the Directors have carried out a detailed and comprehensive review of the business and its future prospects. In the opinion of the Directors, the Company is expected to be able to continue trading within its current arrangements and consequently the financial statements are presented on a going concern basis.

In their review, the Directors considered the support provided by Allia Impact Finances Limited under its services agreement with the Company. Without this support the Company might not be able meet its liabilities as they fall due. However, the Directors are satisfied that this support will continue and be sufficient.

*Turnover*

The turnover shown in the profit and loss account represents fees for the arrangement of bond issues and for the servicing of existing bond issues and is recognised by the Company in respect of services supplied for bonds issued during the period, exclusive of Value Added Tax.

*Other income*

Other income represents payments from Allia Impact Finance Limited ("Allia IFL") under the Services Agreement with that company and is determined and credited on an accounting period basis.

*Interest receivable*

Interest receivable represents the amounts receivable as compound interest on the loan advances made and is calculated using the effective interest rate basis.

*Interest payable*

Interest payable represents the amounts payable as compound interest on the bonds issued and is calculated using the effective interest rate basis.



**Retail Charity Bonds plc**  
**Notes to the Financial Statements**  
**for the year ended 31 August 2016**

**CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

*Critical accounting estimates and assumptions*

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The key estimate and assumption that has a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year is the carrying value of loans receivable. However, the directors are satisfied that, because each bond prospectus stipulates that the obligations of the Company to pay amounts due on the Bond are limited to the Charged Assets, the risk of default by the borrowers is fully borne by the investors in the Bonds.

*Critical area of judgement*

The main critical area of judgement for the directors that has the most significant effect on the amounts recognised in the financial statements relates to the ability of Allia Impact Finance Limited to fulfil the agreement to provide services to support the Company and to make good any shortfall in the Company's results, while it establishes its business.

**Retail Charity Bonds plc**  
**Notes to the Financial Statements**  
**for the year ended 31 August 2016**

**2. TURNOVER**

Turnover was all derived from trading in the UK.

	Year ended 31 August 2016 £'000	Period ended 31 August 2015 £'000
Fees for the arrangement of bond issues	37	32

**3. STAFF COSTS**

The Company employs no staff. All services are provided to the Company by Allia Impact Finance Limited. None of the directors received remuneration for their services.

**4. INTEREST RECEIVABLE AND SIMILAR INCOME**

	Year ended 31 August 2016 £'000	Period ended 31 August 2015 £'000
Interest receivable on loans	2,045	941

**5. PROFIT AND LOSS ACCOUNT**

The profit for the year/period is stated after charging:

	Year ended 31 August 2016 £'000	Period ended 31 August 2015 £'000
Fees payable to RSM UK Audit LLP and its associates:		
Audit remuneration	18	24
Review of interim statements	-	21
Tax compliance	-	3

**6. INTEREST PAYABLE AND SIMILAR CHARGES**

	Year ended 31 August 2016 £'000	Period ended 31 August 2015 £'000
Interest payable to bond holders	2,045	941

**Retail Charity Bonds plc**  
**Notes to the Financial Statements**  
**for the year ended 31 August 2016**

**7. TAX ON PROFIT ON ORDINARY ACTIVITIES**

Analysis of tax charge in the period	Year ended 31 August 2016 £'000	Period ended 31 August 2015 £'000
Current tax	-	-
Deferred tax	-	-
Tax on profit on ordinary activities	<u>-</u>	<u>-</u>

The tax assessed for the period is equal to the standard rate of corporation tax in the UK at 20%.

	Year ended 31 August 2016 £'000	Period ended 31 August 2015 £'000
Profit for the period before taxation	<u>-</u>	<u>2</u>
UK corporation tax at 20%	-	-
Current tax charge for the year	<u>-</u>	<u>-</u>

**8. DEBTORS: AMOUNTS DUE AFTER MORE THAN ONE YEAR**

	At 31 August 2016 £'000	At 31 August 2015 £'000
Loan to Golden Lane Housing	10,905	10,888
Loan to Hightown Housing Association Limited	26,798	26,779
Loan to Charities Aid Foundation	19,732	-
	<u>57,435</u>	<u>37,667</u>

The loans to Golden Lane Housing and Hightown Housing Association Limited and Charities Aid Foundation are unsecured (see note 11 for further details).

**Retail Charity Bonds plc**  
**Notes to the Financial Statements**  
**for the year ended 31 August 2016**

**9. DEBTORS: AMOUNTS DUE AFTER LESS THAN ONE YEAR**

	At 31 August 2016 £'000	At 31 August 2015 £'000
Other debtors	13	27
Amounts owing from related companies	50	50
Accrued interest on Golden Lane Housing loan	40	40
Accrued interest on Hightown Housing Association Limited loan	396	396
Accrued interest on Charities Aid Foundation loan	333	-
	832	513

**10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	At 31 August 2016 £'000	At 31 August 2015 £'000
Trade creditors	83	3
Other creditors	3	-
Deferred income	11	-
Interest on bond to fund Golden Lane Housing loan	40	40
Interest on bond to fund Hightown Housing Association Limited loan	396	396
Interest on bond to fund Charities Aid Foundation loan	333	-
Accruals	25	24
	891	463

**11. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	At 31 August 2016 £'000	At 31 August 2015 £'000
Bond to fund Golden Lane Housing loan	10,905	10,888
Bond to fund Hightown Housing Association Limited loan	26,798	26,779
Bond to fund Charities Aid Foundation loan	19,732	-
	57,435	37,667

**Retail Charity Bonds plc**  
**Notes to the Financial Statements**  
**for the year ended 31 August 2016**

**11. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**  
**(continued ...)**

On 12 April 2016 the Company issued £30,000,000 5.000% bonds due 2021, including £10,000,000 of retained bonds, secured on a loan to Charities Aid Foundation ("CAF"). The funds received after bond issue costs and retained funds were £19,724,000; based on these proceeds the gross yield of the bonds to their redemption on the expected maturity date equates to a fixed interest rate of 5.18%.

The costs of issuing the bond were £276,000 leaving a net balance of £19,724,000 which was lent to Charities Aid Foundation.

Bond issue costs are amortised over the terms of the bonds using the effective interest rate method. For each bond amount, the borrowers are liable to the Company for both the bond coupon and the bond issue costs, under an agreement between the companies.

The Company's rights to receive payments from the borrowers under the loans and certain related assets under the issue documents for the bonds (the "Charged Assets") are charged as security for the benefit of the investors in each of the bonds. This means that if the borrowers fail 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 borrowers.

Each 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 borrowers is fully borne by the investors in the bonds.

Bond amounts and repayment details are as follows:

<i>Bond to fund loan to:</i>	Issue date	Maturity date	Issue amount £'000	Interest rate	Net funds received £'000	Equivalent interest rate
Golden Lane Housing	29/7/14	29/7/21	11,000	4.375%	10,871	4.575%
Hightown Praetorian & Churches Housing Association	30/4/15	30/4/25	27,000	4.40%	26,773	4.506%
Charities Aid Foundation	12/4/16	12/4/26	20,000	5.00%	19,724	5.180%

The borrowings are due as follows:

	At 31 August 2016 £'000	At 31 August 2015 £'000
Due in less than five years	10,905	-
Due in more than five years	46,530	37,667
	<u>57,435</u>	<u>37,667</u>

**Retail Charity Bonds plc**  
**Notes to the Financial Statements**  
**for the year ended 31 August 2016**

**12. SHARE CAPITAL**

	At 31 August 2016 £'000	At 31 August 2015 £'000
Authorised issued shares of £1 each	50	50
Allotted, called up, but not paid	13	13

No shares were issued during the year.

12,500 of the issued £1 shares are allotted, called up, but not paid. The remaining 37,500 £1 shares are allotted, but not called up or paid.

In addition, there is one issued ordinary share, 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.

**13. RELATED PARTIES**

John Tattersall is a Director of the Company; he owns £7,600 (2015: £7,600) of the bonds in relation to Golden Lane Housing Limited issued by the Company and £10,000 (2015: £10,000) of the bonds in relation to Hightown Housing Association Limited issued by the Company.

Geetha Rabindrakumar is a Director of the Company; she owns £500 (2015: £500) of the bonds in relation to Golden Lane Housing Limited issued by the Company.

Philip Wright, a Director of the Company, is also a director of Allia Limited. Timothy Jones, a Director of the Company, is also Secretary and Chief Executive of Allia Limited. During the period ended 31 August 2016 the Company charged Allia Impact Finance Limited £23,000 (2015: £59,000); Allia Impact Finance Limited is a wholly owned subsidiary of Allia Limited. At 31 August 2016 the Company owed £73,000 to Allia Impact Finance Limited (2015: £18,000 from Allia Impact Finance Limited).

In addition, Allia Limited holds the £1 Special Share described in note 12.

During this year and the prior period, the Company employed no staff and had no key management other than the directors. All services are provided to the Company by Allia Impact Finance Limited. None of the directors received remuneration for their services (2015: £nil).

**Retail Charity Bonds plc**  
**Notes to the Financial Statements**  
**for the year ended 31 August 2016**

**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 largest group in which the results of the Company are consolidated is that headed by RC Bond Holdings Limited. No other consolidated financial statements include the results of the Company.

A copy of the consolidated financial statements can be obtained from RC Bond Holdings Limited, Future Business Centre, Kings Hedges Road, Cambridge, CB4 2HY, United Kingdom.

**15. FINANCIAL INSTRUMENTS**

The carrying amount of the Company's financial instruments were as follows:

	At 31 August 2016 £'000	At 31 August 2015 £'000
<i>Financial assets:</i>		
Debtors and prepayments	13	27
Accrued interest	769	436
Loans made, measured at amortised cost	57,435	37,667
	<u>58,217</u>	<u>38,130</u>
<i>Financial liabilities:</i>		
Trade creditors	(83)	(3)
Accruals	(25)	(24)
Accrued interest	(769)	(436)
Bonds issued, measured at amortised cost	(57,435)	(37,667)
	<u>(58,312)</u>	<u>(38,130)</u>

The total interest income / (expense) for each of these, using the effective interest rate method, is as follows:

<i>Financial assets</i>		
Debtors and prepayments	-	-
Accrued interest	-	-
Loans made, measured at amortised cost	2,045	941
	<u>2,045</u>	<u>941</u>
<i>Financial liabilities</i>		
Trade creditors	-	-
Accruals	-	-
Accrued interest	-	-
Bonds issued, measured at amortised cost	(2,045)	(941)
	<u>(2,045)</u>	<u>(941)</u>