



Retail Charity Bonds plc
Unaudited Condensed Financial Statements
for the period ended 29 February 2016

Registered number: 8940313

Retail Charity Bonds plc

**Contents of the Condensed Financial Statements
for the 6 months ended 29 February 2016**

Contents

	Page
Reference and Administrative Details	3
Interim Management Report	4
Profit and Loss Account	7
Balance Sheet	8
Statement of Cash Flows	9
Notes to the Condensed Financial Statements	10

Retail Charity Bonds plc
Reference and Administrative Details
for the period ended 29 February 2016

DIRECTORS:	John Tattersall (Chairman) Gordon D'Silva Arvinda Gohil Tom Hackett (Chairman, Review Committee) Tim 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
Interim Management Report
for the period ended 29 February 2016

The Directors present unaudited condensed financial statements for the 6 months to 29 February 2016. The results of Retail Charity Bonds plc (the "Company") are set out on page 9.

The directors have considered the impact of the changes to UK GAAP introduced by FRS 102, in particular in relation to the accounting for financial instruments. However, the directors consider the bonds and the underlying loans issued and advanced by RCB to be classified as 'basic'. Accordingly, no change is required to the accounting measurement as a result of FRS 102.

Company summary

Retail Charity Bonds plc (the "Company") is a special purpose vehicle created by Allia Ltd, 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 activities which are not related to the issue of bonds.

The Company is governed by an independent board of directors, acting on a pro-bono basis, who will review applications by appropriate, established charitable organisations seeking loan finance.

As a special purpose issuing vehicle it has no employees and all management and administrative services are carried out, under a services agreement, by Allia Bonds Services Limited ("Allia BSL") (a wholly-owned subsidiary of Allia Ltd).

The Company is not itself a charity but its articles do not permit the distribution of profit. The shares of the Company are principally held by RC Bond Holdings Ltd, an independent special purpose holding company.

One special share is held by Allia Ltd which provides that the articles of the Company cannot be changed without the consent of Allia Ltd.

Business review

Since its incorporation on 14 March 2014, the Company has issued two bonds in its first extended financial period.

No new bonds were issued in this interim period. However, since the balance sheet date, the Company has issued £30,000,000 5.00% bonds due 2026 (including £10,000,000 retained bonds) secured on a loan to Charities Aid Foundation Limited ("CAF").

Allia BSL continues to act as Origination Manager to identify further suitable charity borrowers who would benefit from being able to access finance through a retail bond.

Principal risks and uncertainties

The Company is reliant on the interest paid by its loan creditors to fund the interest owing to bondholders. Bondholder recourse under the terms of each bond is however limited to the Company's rights under the relevant loan agreement, meaning that

**Retail Charity Bonds plc
Interim Management Report
for the period ended 29 February 2016**

bondholders do not have recourse to any general assets of the Company.

The Company may issue further bonds on the same basis in the next period.

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 29 February 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 BSL 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 BSL, this risk is judged to be low.

Directors' insurance

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

**Retail Charity Bonds plc
Interim Management Report
for the period ended 29 February 2016**

Responsibility statements

We confirm that to the best of our knowledge:

- the condensed set of financial statements, which has been prepared in accordance with the applicable set of accounting standards, gives a true and fair view of the assets, liabilities, financial position and profit or loss of the Company as required by DTR 4.2.4 R;
- the interim management report includes a fair review of the information required by DTR 4.2.7 R, being an indication of important events that have occurred during the first six months of the financial year, and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the financial year.

By order of the board

John Tattersall
Chairman
6 May 2016

Retail Charity Bonds plc
Profit and Loss Account
for the period ended 29 February 2016

	Notes	6 months ended 29 February 2016 £'000 (Unaudited)	6 months ended 28 February 2015 £'000 (Unaudited)
Turnover		18	9
Interest receivable and similar income	3	852	249
Interest payable and similar charges	4	(852)	(249)
Other income		-	-
Administrative expenditure		-18	-9
		<hr/>	<hr/>
Profit before taxation		-	-
Tax	5	-	-
		<hr/>	<hr/>
PROFIT FOR THE PERIOD		<u>-</u>	<u>-</u>

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 10 to 15 form part of these financial statements.

(Registered number: 8940313)
Retail Charity Bonds plc
Balance sheet
as at 29 February 2016

	Notes	As at 29 February 2016 £'000 (Unaudited)	As at 31 August 2015 £'000 (Audited)
Current assets			
Debtors: amounts due after more than one year	6	37,685	37,667
Debtors: amounts due after less than one year	7	507	513
Cash at bank and in hand		2	2
		38,194	38,182
Creditors			
Amounts falling due within one year	8	(457)	(463)
		37,737	37,719
Net current assets			
Creditors			
Amounts falling due after one year	9	(37,685)	(37,667)
		52	52
Net assets			
Capital and reserves			
Share capital	10	50	50
Profit and loss account		2	2
Shareholder's funds	11	52	52

The financial statements were approved by the Directors on 6 May 2016 and were signed on their behalf by:

.....
JOHN TATTERSALL - CHAIRMAN

The notes on pages 10 to 15 form part of these financial statements.

Retail Charity Bonds plc
Statement of Cash Flows
for the 6 months ended 28 February 2016

	6 months ended 29 February 2016 £'000 (Unaudited)	6 months ended 28 February 2015 £'000 (Unaudited)
Reconciliation of profit to net cash inflow		
Profit before tax	-	-
Receipt of bond proceeds	-	-
Interest received	835	241
Interest paid	(835)	(241)
Decrease in debtors	6	-
Decrease in creditors	(6)	9
	-	9
Net cash inflow from operations	-	9
Increase in cash	-	9
Cash brought forward	2	65
Net cash resources at period end	2	74

Retail Charity Bonds plc
Notes to the Financial Statements
for the period ended 29 February 2016

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable Financial Reporting Standards in the United Kingdom (UK GAAP), including FRS 104, and incorporate the changes required by FRS 102.

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 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 initially measured at transaction price, which includes transaction costs (ie directly attributable costs relating to the acquisition of a debt instrument). After initial recognition they are measured 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.

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 to which they relate.

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 the current arrangements and consequently the financial statements are presented on a going concern basis.

Turnover

The turnover shown in the profit and loss account represents revenue recognised by the Company in respect of services supplied during the period, exclusive of Value Added Tax.

Other income

Other income represents payments from Allia BSL under the Services Agreement with that company and is determined and credited on an accounting period basis.

Retail Charity Bonds plc
Notes to the Financial Statements
for the period ended 29 February 2016

2. STAFF COSTS

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

3. INTEREST RECEIVABLE AND SIMILAR INCOME

	6 months ended 29 February 2016 £'000 (Unaudited)	6 months ended 28 February 2015 £'000 (Unaudited)
Interest receivable on loans	<u>852</u>	<u>249</u>

4. INTEREST PAYABLE AND SIMILAR CHARGES

	6 months ended 29 February 2016 £'000 (Unaudited)	6 months ended 28 February 2015 £'000 (Unaudited)
Interest payable to bondholders	<u>852</u>	<u>249</u>

5. TAX ON PROFIT OR ORDINARY ACTIVITIES

	6 months ended 29 February 2016 £'000 (Unaudited)	6 months ended 28 February 2015 £'000 (Unaudited)
Analysis of the tax charge for the period		
Current tax on income for the period	-	-
Deferred tax	<u>-</u>	<u>-</u>
Tax on profits 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%.

	6 months ended 29 February 2016 £'000 (Unaudited)	6 months ended 28 February 2015 £'000 (Unaudited)
Profit for the period before taxation	-	-
UK corporation tax at 20%	<u>-</u>	<u>-</u>
Current tax charge for the period	<u>-</u>	<u>-</u>

Retail Charity Bonds plc
Notes to the Financial Statements
for the period ended 29 February 2016

6. DEBTORS: AMOUNTS DUE AFTER MORE THAN ONE YEAR

	As at 29 February 2016 £'000 (Unaudited)	As at 31 August 2015 £'000 (Audited)
Loan to Golden Lane Housing	10,897	10,888
Loan to Hightown Housing Association Limited	26,788	26,779
	<u>37,685</u>	<u>37,667</u>

The loans to Golden Lane Housing and Hightown Housing Association Limited are secured (see note 9 for further details).

7. DEBTORS

	As at 29 February 2016 £'000 (Unaudited)	As at 31 August 2015 £'000 (Audited)
Other debtors	21	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
	<u>507</u>	<u>513</u>

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	As at 29 February 2016 £'000 (Unaudited)	As at 31 August 2015 £'000 (Audited)
Trade creditors	13	3
Interest on bond to fund Golden Lane Housing loan	40	40
Interest on bond to fund Hightown Housing Association Limited loan	396	396
Accruals and deferred income	8	24
	<u>457</u>	<u>463</u>

Retail Charity Bonds plc
Notes to the Financial Statements
for the period ended 29 February 2016

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

	As at 29 February 2016 £'000 (Unaudited)	As at 31 August 2015 £'000 (Audited)
Bond to fund Golden Lane Housing loan	10,897	10,888
Bond to fund Hightown Housing Association Limited Loan	26,788	26,779
	<u>37,685</u>	<u>37,667</u>

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.

	As at 29 February 2016 £'000 (Unaudited)	As at 31 August 2015 £'000 (Audited)
The borrowings are due as follows:		
Due in more than five years	<u>37,685</u>	<u>37,667</u>

10. SHARE CAPITAL

	As at 29 February 2016 £'000 (Unaudited)	As at 31 August 2015 £'000 (Audited)
Authorised issued shares of £1 each	<u>50</u>	<u>50</u>
Allotted, called up, but not paid	<u>13</u>	<u>13</u>

On 14 March 2014 50,000 shares were issued at par.

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.

Retail Charity Bonds plc
Notes to the Financial Statements
for the period ended 29 February 2016

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.

11. MOVEMENT IN SHAREHOLDER'S FUNDS

	As at 29 February 2016 £'000 (Unaudited)	As at 31 August 2015 £'000 (Audited)
Opening shareholders' funds	52	50
Shares issued during the period	-	-
Profit for the period	-	2
Carried forward	<u>52</u>	<u>52</u>

Retail Charity Bonds plc
Notes to the Financial Statements
for the period ended 29 February 2016

12. RELATED PARTIES

John Tattersall is a Director of the Company; he owns £7,600 of the bonds in relation to Golden Lane Housing Limited issued by the Company and £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 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 and is a director of Allia Bond Services Limited. During the period ended 29 February 2016 the Company charged Allia Bond Services Limited £5,000; Allia Bond Services Limited is a wholly owned subsidiary of Allia Limited. At 31 August 2015 the Company owed £5,000 to Allia Bond Services Limited.

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

The Company has taken advantage of the exemption available to wholly owned group companies under Financial Reporting Standard Number 8, "Related Party Disclosures", not to disclose details of its transactions with R C Bond Holdings Limited.