



Retail Charity Bonds plc
Unaudited Condensed Financial Statements
for the 6 months ended 28 February 2017

Registered number: 8940313

Retail Charity Bonds plc

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for the 6 months ended 28 February 2017**

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Retail Charity Bonds plc
Reference and Administrative Details
for the 6 months ended 28 February 2017

DIRECTORS: John Tattersall (Chairman)
Gordon D'Silva
Thomas Hackett (Chairman, Review Committee)
Timothy Jones
Geetha Rabindrakumar
Sandra Skeete (appointed 1 April 2017)
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 6 months ended 28 February 2017

The Directors present unaudited condensed financial statements for the 6 months to 28 February 2017.

The results of Retail Charity Bonds plc (the "Company") are set out on page 7. The articles of the Company do not permit the payment of a dividend.

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 this purpose.

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 Impact Finance Limited (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

No new bonds were issued in this interim period.

However, since the balance sheet date, the Company has issued £50,000,000 4.25% bonds due 2026 (including £17,000,000 retained bonds) secured on a loan to Greensleeves Homes Trust.

Allia Impact Finance Limited 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 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.

Retail Charity Bonds plc
Interim Management Report
for the 6 months ended 28 February 2017

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 28 February 2017 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 Impact Finance Limited 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 Impact Finance Limited, 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 6 months ended 28 February 2017**

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

A handwritten signature in black ink, consisting of a series of loops and a long horizontal stroke extending to the right.

John Tattersall
Chairman
22 May 2017

Retail Charity Bonds plc
Statement of Comprehensive Income
for the 6 months ended 28 February 2017

		6 months ended 28 February 2017	6 months ended 29 February 2016
	Notes	£'000	£'000
Turnover	2	48	18
Interest receivable and similar income	4	1,364	852
Interest payable and similar charges	5	(1,364)	(852)
Administrative expenditure		(47)	(18)
		<hr/>	<hr/>
Profit before taxation		1	-
Tax	6	-	-
		<hr/>	<hr/>
Profit and total comprehensive income for the period		<u>1</u>	<u>-</u>

The notes on pages 11 to 18 form part of these financial statements.

(Registered number: 8940313)
Retail Charity Bonds plc
Statement of Financial Position
as at 28 February 2017

	Notes	As at 28 February 2017 £'000	As at 29 February 2016 £'000
Current assets			
Debtors: amounts due after more than one year	7	57,464	37,685
Debtors: amounts due after less than one year	8	837	507
Cash at bank and in hand		17	2
		58,318	38,194
Creditors			
Amounts falling due within one year	9	(801)	(457)
		57,517	37,737
Net current assets			
Creditors			
Amounts falling due after one year	10	(57,464)	(37,685)
		53	52
Net assets			
Capital and reserves			
Share capital	11	50	50
Profit and loss account		3	2
		53	52
Shareholder's funds			

The financial statements were approved by the Directors on 22 May 2017 and were signed on their behalf by:



.....
 JOHN TATTERSALL - CHAIRMAN

The notes on pages 11 to 18 form part of these financial statements.

(Registered number: 8940313)
Retail Charity Bonds plc
Statement of Changes in Equity
For the 6 months ended 28 February 2017

	Share capital	Profit and loss account	TOTAL
	£'000	£'000	£'000
Balance at 31 August 2016	50	2	52
Profit for the period	-	1	1
Balance at 28 February 2017	50	3	53

The notes on pages 11 to 18 form part of these financial statements.

Retail Charity Bonds plc
Statement of Cash Flows
for the 6 months ended 28 February 2017

	6 months ended 28 February 2017 £'000	6 months ended 29 February 2016 £'000
Reconciliation of profit to net cash inflow		
Profit after tax	1	-
Interest received	1,335	835
Interest paid	(1,335)	(835)
(Increase) / decrease in debtors	(6)	6
Increase / (decrease) in creditors	(90)	(6)
Net cash outflow from operations	(95)	-
 CASHFLOW FOR THE PERIOD		
Decrease in cash	(95)	-
Cash brought forward	112	2
Net cash resources at period end	17	2

Retail Charity Bonds plc
Notes to the Financial Statements
for the 6 months ended 28 February 2017

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.

ACCOUNTING POLICIES

These condensed 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.

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 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

Retail Charity Bonds plc
Notes to the Financial Statements
for the 6 months ended 28 February 2017

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 Finance 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 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.

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 6 months ended 28 February 2017

2. TURNOVER

Turnover was all derived from trading in the UK.

	6 months ended 28 February 2017 £'000	6 months ended 29 February 2016 £'000
Fees for the arrangement of bond issues	<u>48</u>	<u>18</u>

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

	6 months ended 28 February 2017 £'000	6 months ended 29 February 2016 £'000
Interest receivable on loans	<u>1,364</u>	<u>852</u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	6 months ended 28 February 2017 £'000	6 months ended 29 February 2016 £'000
Interest payable to bond holders	<u>1,364</u>	<u>852</u>

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

Analysis of tax charge in the period	6 months ended 28 February 2017 £'000	6 months ended 29 February 2016 £'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%.

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Notes to the Financial Statements
for the 6 months ended 28 February 2017

6. TAX ON PROFIT ON ORDINARY ACTIVITIES (CONTINUED)

	6 months ended 28 February 2017 £'000	6 months ended 29 February 2016 £'000
Profit for the period before taxation	<u>1</u>	<u>-</u>
UK corporation tax at 20%	-	-
Current tax charge for the year	<u>-</u>	<u>-</u>

7. DEBTORS: AMOUNTS DUE AFTER MORE THAN ONE YEAR

	At 28 February 2017 £'000	At 29 February 2016 £'000
Loans receivable	<u>57,464</u>	<u>37,685</u>
	<u>57,464</u>	<u>37,685</u>

The loans are unsecured (see note 10 for further details).

8. DEBTORS: AMOUNTS DUE AFTER LESS THAN ONE YEAR

	At 28 February 2017 £'000	At 29 February 2016 £'000
Trade debtors	15	-
Other debtors	3	21
Amounts owing from related companies	50	50
Accrued interest on loans made	<u>769</u>	<u>436</u>
	<u>837</u>	<u>507</u>

Retail Charity Bonds plc
Notes to the Financial Statements
for the 6 months ended 28 February 2017

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	At 28 February 2017 £'000	At 29 February 2016 £'000
Trade creditors	17	13
Other creditors	6	-
Interest on bonds used to fund loan advances	769	436
Accruals and deferred income	9	8
	<u>801</u>	<u>457</u>

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

	At 28 February 2017 £'000	At 29 February 2016 £'000
Bonds to fund loan advances	<u>57,464</u>	<u>37,685</u>
	<u>57,464</u>	<u>37,685</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.

Retail Charity Bonds plc
Notes to the Financial Statements
for the 6 months ended 28 February 2017

10. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR (CONTINUED)

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 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 28 February 2017 £'000	At 29 February 2016 £'000
Due in less than five years	10,914	-
Due in more than five years	46,550	37,685
	57,464	37,685

11. SHARE CAPITAL

	At 28 February 2017 £'000	At 29 February 2016 £'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.

Retail Charity Bonds plc
Notes to the Financial Statements
for the 6 months ended 28 February 2017

12. RELATED PARTIES

John Tattersall is a Director of the Company; he owns £7,600 (2016: £7,600) of the bonds in relation to Golden Lane Housing Limited issued by the Company and £10,000 (2016: £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 (2016: £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 a Director of Allia Impact Finance Limited. During the 6 months ended 28 February 2017 Allia Impact Finance Limited charged the Company £13,000 (2016: the Company charged £5,000); Allia Impact Finance Limited is a wholly owned subsidiary of Allia Limited. At 28 February 2017 the Company owed £13,000 to Allia Impact Finance Limited (£3,000 at 31 August 2016).

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 (2016: £nil).

13. 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.

Retail Charity Bonds plc
Notes to the Financial Statements
for the 6 months ended 28 February 2017

14. FINANCIAL INSTRUMENTS

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

	At 28 February 2017 £'000	At 29 February 2016 £'000
<i>Financial assets:</i>		
Debtors and prepayments	18	21
Accrued interest	769	486
Loans made, measured at amortised cost	57,464	37,685
	<u>58,251</u>	<u>38,192</u>
<i>Financial liabilities:</i>		
Trade creditors	(17)	(13)
Accruals and deferred income	(16)	(8)
Accrued interest	(769)	(486)
Bonds issued, measured at amortised cost	(57,464)	(37,685)
	<u>(58,266)</u>	<u>(38,192)</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	1,364	852
	<u>1,364</u>	<u>852</u>
<i>Financial liabilities</i>		
Trade creditors	-	-
Accruals	-	-
Accrued interest	-	-
Bonds issued, measured at amortised cost	(1,364)	(852)
	<u>(1,364)</u>	<u>(852)</u>