

**Retail Charity Bonds plc
Unaudited Condensed Financial Statements
for the 6 months ended 29 February 2020**

Registered number: 8940313

Retail Charity Bonds plc

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Retail Charity Bonds plc
Reference and Administrative Details
for the 6 months ended 29 February 2020

DIRECTORS: John Tattersall (Chairman)
Ian Coleman
Gordon D'Silva
Thomas Hackett (Chairman, Review Committee)
Timothy Jones
Philip Wright (Chairman, Audit Committee)
Evita Zanuso

SECRETARY: Phil Caroe (Resigned 3 Feb)
Briony Maritz

REGISTERED OFFICE: Future Business Centre
Kings Hedges Road
Cambridge
CB4 2HY

COMPANY NUMBER: 8940313

AUDITOR: RSM UK Audit LLP
Abbotsgate House
Hollow Road
Bury Saint Edmunds
Suffolk
IP32 7FA

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 29 February 2020

The Directors present unaudited condensed financial statements for the 6 months to 29 February 2020.

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 Bond Services 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

The company made a profit after tax of £1k (2019: £1k).

During the period, Allia Bond Services Limited (formerly Allia Impact Finance Limited), a subsidiary of Allia Limited, continued to undertake all activities relating to administration and management. With effect from 1 March 2019, City and Continental Limited, another subsidiary of Allia Ltd, took on the responsibility 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.

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.

Retail Charity Bonds plc
Interim Management Report
for the 6 months ended 29 February 2020

- ***Interest rate risk***

As at 29 February 2020 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 Bond Services 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 Bond Services Limited, 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, with 1 issue already made:

- On 27 March 2020 the Company issued £10,000,000 5% bonds due 2030 secured on a loan to Alnwick Garden Trust. In addition the total principal amount of retained bonds was £8,000,000.

Directors' insurance

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

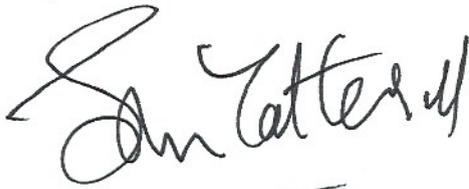
Responsibility statements

We confirm that to the best of our knowledge:

**Retail Charity Bonds plc
Interim Management Report
for the 6 months ended 29 February 2020**

- 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

18 May 2020

Retail Charity Bonds plc
Statement of Comprehensive Income
for the 6 months ended 29 February 2020

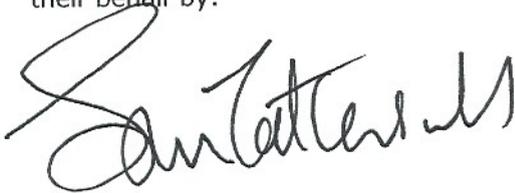
		6 months ended 29 February 2020	6 months ended 28 February 2019
	Notes	£'000	£'000
Turnover	2	108	98
Interest receivable and similar income	4	4,883	4,432
Interest payable and similar charges	5	(4,883)	(4,432)
Administrative expenditure		(107)	(97)
Profit before taxation		<u>1</u>	<u>1</u>
Tax	6	-	-
Profit and total comprehensive income for the period		<u><u>1</u></u>	<u><u>1</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 29 February 2020

	Notes	As at 29 February 2020 £'000	As at 28 February 2019 £'000
Current assets			
Debtors: amounts due after more than one year	7	212,368	191,063
Debtors: amounts due after less than one year	8	2,788	2,440
Cash at bank and in hand		133	142
		215,289	193,645
Creditors			
Amounts falling due within one year	9	(2,861)	(2,524)
		212,428	191,121
Net current assets			
Creditors			
Amounts falling due after one year	10	(212,368)	(191,063)
		60	58
Net assets			
Capital and reserves			
Share capital	11	50	50
Profit and loss account		10	8
		60	58
Shareholder's funds			

The financial statements were approved by the Directors on 18 May 2020 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 29 February 2020

	Share capital	Profit and loss account	TOTAL
	£'000	£'000	£'000
Balance at 31 August 2019	50	9	59
Profit for the period	-	1	1
Balance at 29 February 2020	50	10	60

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 29 February 2020

	6 months ended 29 February 2020 £'000	6 months ended 28 February 2019 £'000
Reconciliation of profit to net cash inflow		
Profit after tax	1	1
Interest received	4,619	4,180
Interest paid	(4,619)	(4,180)
(Increase) / decrease in debtors	17	26
Increase / (decrease) in creditors	(94)	(39)
	(76)	(12)
Net cash inflow / (outflow) from operations	(76)	(12)
 CASHFLOW FOR THE PERIOD		
Increase / (decrease) in cash	(76)	(12)
Cash brought forward	209	154
	133	142
Net cash resources at period end	133	142

Retail Charity Bonds plc
Notes to the Financial Statements
for the 6 months ended 29 February 2020

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 29 February 2020

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, during the period the Directors considered the support provided by Allia Bond Services Limited under its services agreement with the Company and from City & Continental Ltd thereafter. 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 in the same form from City & Continental Ltd.

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.

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 Bond Services Limited to fulfil the agreement to provide services to support the Company and to make good any shortfall in the Company's results.

Retail Charity Bonds plc
Notes to the Financial Statements
for the 6 months ended 29 February 2020

2. TURNOVER

Turnover was all derived from trading in the UK.

	6 months ended 29 February 2020 £'000	6 months ended 28 February 2019 £'000
Fees for the arrangement of bond issues	108	98
	108	98

3. STAFF COSTS

The Company employs no staff and none of the directors received remuneration for their services to the Company.

With effect from 1 March 2019, City and Continental Limited took on the responsibility of origination management. Administration activities are still undertaken by Allia Bond Services Limited.

4. INTEREST RECEIVABLE AND SIMILAR INCOME

	6 months ended 29 February 2020 £'000	6 months ended 28 February 2019 £'000
Interest receivable on loans	4,701	4,432
	4,701	4,432

5. INTEREST PAYABLE AND SIMILAR CHARGES

	6 months ended 29 February 2020 £'000	6 months ended 28 February 2019 £'000
Interest payable to bond holders	4,701	4,432
	4,701	4,432

Retail Charity Bonds plc
Notes to the Financial Statements
for the 6 months ended 29 February 2020

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

Analysis of tax charge in the period	6 months ended 29 February 2020 £'000	6 months ended 28 February 2019 £'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 19%.

	6 months ended 29 February 2020 £'000	6 months ended 28 February 2019 £'000
Profit for the period before taxation	<u>1</u>	<u>1</u>
UK corporation tax at 19%	-	-
Current tax charge for the year	<u>-</u>	<u>-</u>

7. DEBTORS: AMOUNTS DUE AFTER MORE THAN ONE YEAR

	At 29 February 2020 £'000	At 28 February 2019 £'000
Loans receivable	<u>212,368</u>	<u>191,063</u>
	<u>212,368</u>	<u>191,063</u>

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

Retail Charity Bonds plc
Notes to the Financial Statements
for the 6 months ended 29 February 2020

8. DEBTORS: AMOUNTS DUE AFTER LESS THAN ONE YEAR

	At 29 February 2020 £'000	At 28 February 2019 £'000
Trade debtors	29	7
Other debtors	7	-
Amounts owing from related companies	50	50
Accrued interest on loans made	2,702	2,383
	<u>2,788</u>	<u>2,440</u>

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	At 29 February 2020 £'000	At 28 February 2019 £'000
Trade creditors	6	2
Other creditors	106	96
Interest on bonds used to fund loan advances	2,702	2,383
Accruals and deferred income	47	43
	<u>2,861</u>	<u>2,524</u>

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

	At 29 February 2020 £'000	At 28 February 2019 £'000
Bonds to fund loan advances	212,368	191,063
	<u>212,368</u>	<u>191,063</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.

Retail Charity Bonds plc
Notes to the Financial Statements
for the 6 months ended 29 February 2020

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

The borrowings are due as follows:

	At 29 February 2020	At 28 February 2019
	£'000	£'000
Due in less than five years	10,973	10,951
Due in more than five years	201,395	180,112
	<u>212,368</u>	<u>191,063</u>

11. SHARE CAPITAL

	At 29 February 2020	At 28 February 2019
	£'000	£'000
Authorised issued shares of £1 each	<u>50</u>	<u>50</u>
Allotted, called up, but not paid	<u>13</u>	<u>13</u>

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.

12. RELATED PARTIES

John Tattersall is a Director of the Company; he owns £7,600 (2019: £7,600) of the bonds in relation to Golden Lane Housing Limited issued by the Company in 2014, £10,000 (2019: £10,000) of the bonds in relation to Hightown Housing Association Limited issued by the Company in 2015, £8,300 (2019: £8,300) of the bonds in relation to Dolphin Square Charitable Foundation issued by the Company in 2017 and £8,100 (2019: £8,100) of the bonds in relation to Greensleeves Homes Trust issued by the Company in 2017.

Philip Wright, a Director of the Company, is also a director of Allia Limited. Timothy Jones a Director of the Company, is also a director of Allia Bond Services Limited and City and Continental Limited.

Retail Charity Bonds plc
Notes to the Financial Statements
for the 6 months ended 29 February 2020

During the 6 months ended 29 February 2020 Allia Bond Services Limited charged the Company £97,000 (2019: £87,000); Allia Bond Services Limited is a wholly owned subsidiary of Allia Limited. At 29 February 2020 the Company owed £105,000 to Allia Bond Services Limited (2019: £95,000).

In addition, Allia Limited holds the £1 Special Share described in note 11.

During this year and the prior period, the Company employed no staff and had no key management other than the directors. City and Continental and Allia Bond Services Limited provide all services. None of the directors received remuneration for their services (2019: £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.

14. FINANCIAL INSTRUMENTS

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

	At 29 February 2020 £'000	At 28 February 2019 £'000
<i>Financial assets:</i>		
Debtors and prepayments	36	7
Accrued interest	2,702	2,383
Loans made, measured at amortised cost	212,368	191,063
	<u>215,106</u>	<u>193,453</u>
<i>Financial liabilities:</i>		
Trade creditors	(6)	(2)
Accruals and deferred income	(152)	(139)
Accrued interest	(2,702)	(2,383)
Bonds issued, measured at amortised cost	(212,368)	(191,063)
	<u>(215,228)</u>	<u>(193,587)</u>

Retail Charity Bonds plc
Notes to the Financial Statements
for the 6 months ended 29 February 2020

15. FINANCIAL INSTRUMENTS (CONTINUED)

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

Financial assets

	At 29 February 2020 £'000	At 28 February 2019 £'000
Debtors and prepayments	-	-
Accrued interest	-	-
Loans made, measured at amortised cost	4,701	4,432
	<u>4,701</u>	<u>4,432</u>

Financial liabilities

Trade creditors	-	-
Accruals	-	-
Accrued interest	-	-
Bonds issued, measured at amortised cost	(4,701)	(4,432)
	<u>(4,701)</u>	<u>(4,432)</u>

16. POST BALANCE SHEET EVENTS

On 27 March 2020 the Company issued £10,000,000 5% bonds due 2030 (including retained bonds), secured on a loan to Alwrick Garden Trust. The total principal amount of retained bonds was £8,000,000.