



**Retail Charity Bonds plc**  
**Financial Statements**  
**for the year ended 31 August 2020**

Registered number: 8940313

**Retail Charity Bonds plc**

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for the year ended 31 August 2020**

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**Retail Charity Bonds plc  
Reference and Administrative Details  
for the year ended 31 August 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:** Briony Maritz (appointed 03 February 2020)

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

**COMPANY NUMBER:** 8940313

**AUDITOR:** RSM UK Audit LLP  
Abbotsgate House  
Hollow Road  
Bury St 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  
Strategic Report  
for the year ended 31 August 2020**

**Summary and highlights**

***Results***

The Directors present their Annual Report and audited financial statements for the year to 31 August 2020.

The results of Retail Charity Bonds plc (the "Company") are set out on page 15. The articles of the Company do not permit the payment of a dividend.

***Business model and strategy***

Retail Charity Bonds plc 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 (ABS) (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 £2k (2019: £2k). On the 25 September 2019 the Company issued £4m of the 3.90% retained bonds, due 2027. At the same time a further £4m was advanced to Golden Lane Housing, on which the retained bonds were secured.

Midway through the financial year, the UK was in a period of lockdown resulting from Covid-19. Notwithstanding the lockdown, a further issue was completed in March. This demonstrates very clearly the strength and resilience of the Retail Charity Bonds business model. The business is fully digital, and as such there has been little or no operational impact.

On the 27 March 2020 the Company issued £18m of the 5.00% bonds, due 2030 (including retained bonds), secured on a loan to Alnwick Garden Trust Limited (Alnwick). The total principal amount of retained bonds was £8m.

The balance sheet position at year end shows net assets of £61k (2019:£59k).

ABS continued to undertake all activities relating to administration and management. City and Continental Limited (C&C) has the responsibility to act as Origination Manager to identify further suitable charity borrowers who would benefit from being able to

**Retail Charity Bonds plc**  
**Strategic Report**  
**for the year ended 31 August 2020**

access finance through a retail bond. C&C is a subsidiary of Allia Ltd.

**Key performance indicators**

The entity operates as a funding vehicle and as such has no specific key performance indicators. The entity is monitored against the original performance model and its annual objective is to break even.

**Principal risks and uncertainties**

The principal risk for the Company is the credit risk, discussed below.

**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 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 lends the full amount of the loans it itself borrowed on the same terms, 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.

**Retail Charity Bonds plc  
Strategic Report  
for the year ended 31 August 2020**

**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 and beyond.

**Corporate governance statement**

***Internal control***

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 issuer 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 of the financial statements and the operation of its internal controls as carried out on its behalf by Allia Bond Services Limited.

The Company regards the successful identification, monitoring and control of risk as an essential part of its operations. To do so, it relies on the following procedures carried out by Allia Bond Services Limited and C&C on its behalf:

- All relevant details for each bond issue, such as amounts, contract details, timings are documented and confirmed within Allia Bond Services Limited and C&C and by the relevant charity. At the same time a schedule of all transactions relating to the life of the bond is prepared and agreed by all parties.
- Separate bank accounts are maintained for each bond and also to separate general transactions from retained profits. All accounts are operated online with the usual bank security provisions, with dual authorisation required for any payment.
- Every bank account is reconciled monthly.
- Payments of bond interest are made through a professional paying agent.
- All accounting entries are recorded on Sage 200, which is provided with a full support package and which is backed up regularly. Appropriate anti-virus software is installed and updated as required.

**S172 statement**

Throughout the year the Board of Directors has given consideration during its discussions and decision-making of the matters set out in section 172 of the Companies Act 2006. Set out below is a description of how the Directors have had regards to the matters set out in section 172 (1) when performing their duties under section 172.

**Retail Charity Bonds plc  
Strategic Report  
for the year ended 31 August 2020**

The Company is a special purpose vehicle; its only business is issuing bonds, in order to lend the proceeds to UK charities. Many charities in the UK operate as businesses, generating revenue from their activities. As with any other business, loan finance can enable them to expand their activities and generate more income, which means delivering more benefit for the people they work with. During the year there has not been any decision to alter the strategy of the Company.

During the period, management made a key strategic decision to issue the Alnwick Garden Trust bond, to continue the aims of the Company in providing charitable organisations with a simple and affordable way to raise medium or long-term, fixed-rate debt through an unsecured loan of £10m plus retained bonds of £8m.

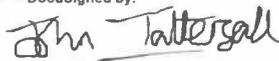
The Company has no employees and therefore there are no matters relevant in this regard.

C&C, part of the Allia group, provides debt advisory and arranging services, and arranges bond issues on behalf of charitable borrowers. It also acts as lead manager on new issues and supports secondary market trading of charitable bonds for institutional investors. During the year, C&C gave a presentation outlining the detail of seven specific bonds which were issued by the Company since 2014 to date.

As the board of directors, our intention is to behave responsibly and ensure that ABS operates the business for the Company in a responsible manner, operating within the high standards of business conduct and good governance expected for this special purpose vehicle.

The Company is a wholly owned subsidiary of R C Bond Holdings Limited, and the Directors believe in the course of business for the year that the company has acted fairly and transparently in the interests of the parent company.

By order of the board

DocuSigned by:  


8F3B03A59FD248C  
John Tattersall

Chairman

Signed: 18/12/2020

**Retail Charity Bonds plc  
Directors Report  
for the year ended 31 August 2020**

**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)  
Ian Coleman  
Gordon D'Silva  
Thomas Hackett (Chairman, Review Committee)  
Timothy Jones  
Philip Wright (Chairman, Audit Committee)  
Evita Zanuso  
Diana Skeete (resigned 10/10/2019)

**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.

**Corporate Governance Statement**

The corporate governance statement on page 6 forms part of this report.

**Strategic Report**

The company has chosen, in accordance with section 414C(11) of the Companies Act 2006, to set out in the company's strategic report information required by schedule 7 of the large and medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 to be contained in the directors' report. It has done so in respect of its review of financial risk management and future outlook.

**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

**Retail Charity Bonds plc  
Directors Report  
for the year ended 31 August 2020**

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.

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 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.

**Directors' statement pursuant to the Disclosure and Transparency Rules**

Each of the directors, whose names and functions are listed in the principal activities section above confirm that, to the best of each person's knowledge:

- (a) The financial statements, prepared in accordance with United Kingdom Generally Accepted Accounting Practice, give a true and fair view of the assets, liabilities, financial position and profit of the company; and
- (b) The strategic report contained in the Annual Report includes a fair review of the development and performance of the business and the position of the company together with a description of the principal risks and uncertainties that it faces.

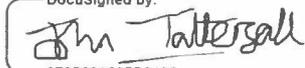
The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Retail Charity Bonds plc website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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.

On behalf of the board

DocuSigned by:  
  
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John Tattersall  
Chairman  
Signed: 18/12/2020

**Independent Auditor's Report to the members of Retail Charity Bonds Plc  
for the year ended 31 August 2020**

**Opinion**

We have audited the financial statements of Retail Charity Bonds plc for the year ended 31 August 2020 which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:  
give a true and fair view of the state of the company's affairs as at 31 August 2020 and of its profit 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.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:  
the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or  
the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

## Independent Auditor's Report to the members of Retail Charity Bonds Plc for the year ended 31 August 2020

### Summary of our audit approach

Key audit matters: Accounting for bond issues

Materiality

Overall materiality: £3,400,000

Performance materiality: £2,550,000

Scope Our audit procedures covered 100% of turnover and interest receivable and similar income, 100% of total assets and 100% of profit before tax.

### Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### Accounting for bond issues

#### Key audit matter description

During the year one new bond and one further retained bond were issued details of which are set out on page 4 of the financial statements. Each bond is assessed and categorised as either a "basic" or "non-basic" financial instrument under FRS 102. There is a risk that a bond issue is incorrectly categorised and therefore not included in the financial statements on an appropriate basis. All bonds issued by the company to date have been classified as "basic" financial instruments and accounted for at amortised cost using the effective interest rate method in accordance with the accounting policy set out in note 1, and as disclosed in notes 4 and 6

Our response to the risk included:

- reviewing the categorisation of the bonds as "basic" or "non-basic" financial instruments under FRS 102;
- confirming the accuracy of the accounting treatment;
- confirming the accuracy of the amortised cost calculations to value the bonds by corroborating the terms of the issues by reference to signed documentation, agreeing receipts and costs to supporting documentation and checking formulaic accuracy of the calculations;
- confirming appropriate disclosures have been made.

#### How the matter was addressed in the audit

#### Key observations

The carrying value of the bonds appears reasonable, with appropriate disclosure having been made in the financial statements.

### Our application of materiality

When establishing our overall audit strategy, we set certain thresholds which help us to determine the nature, timing and extent of our audit procedures. When evaluating whether the effects of misstatements, both individually and on the financial statements as a whole, could reasonably influence the economic decisions of the users we take into account the qualitative nature and the size of the misstatements. Based on our professional judgement, we determined materiality as follows:

**Independent Auditor's Report to the members of Retail Charity Bonds Plc  
for the year ended 31 August 2020**

<b>Overall materiality</b>	£3,400,000
<b>Basis for determining overall materiality</b>	1.5% of total assets
<b>Rationale for benchmark applied</b>	Total assets were considered to be the key driver in assessing materiality as it is the loans made that drive return to the bond holders.
<b>Performance materiality</b>	£2,550,000
<b>Basis for determining performance materiality</b>	75% of overall materiality
<b>Reporting of misstatements to the Audit Committee</b>	Misstatements in excess of £170,000 and misstatements below that threshold that, in our view, warranted reporting on qualitative grounds.

**An overview of the scope of our audit**

The company has been subject to a full scope audit.

**Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report including the Strategic Report and the Directors Report set out on pages 4 to 9 other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit: the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the

## **Independent Auditor's Report to the members of Retail Charity Bonds Plc for the year ended 31 August 2020**

Companies Act 2006 requires us to report to you if, in our opinion:  
adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or  
the financial statements and the part of the directors' remuneration report to be audited 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.

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statements set out on page 8 to 9, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of our audit, we will consider the susceptibility of the company to fraud and other irregularities, taking account of the business and control environment established and maintained by the directors, as well as the nature of transactions, assets and liabilities recorded in the accounting records. Owing to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements of the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs. However, the principal responsibility for ensuring that the financial statements are free from material misstatement, whether caused by fraud or error, rests with management who should not rely on the audit to discharge those functions.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at:  
<http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### **Other matters which we are required to address**

Following the recommendation of the audit committee, we were appointed by the Board of Directors on 19 May 2014 to audit the financial statements for the year ending 31 August 2015 and subsequent financial periods.

The period of total uninterrupted engagement is 6 years, covering the years ending 31 August 2015 to 31 August 2020.

**Independent Auditor's Report to the members of Retail Charity Bonds Plc  
for the year ended 31 August 2020**

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the company and we remain independent of the company in conducting our audit.

Our audit opinion is consistent with the additional report to the audit committee.

**Use of our report**

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.



CLAIRE SUTHERLAND (Senior Statutory Auditor)  
For and on behalf of RSM UK Audit LLP, Statutory Auditor  
Chartered Accountants  
Abbotsgate House  
Hollow Road  
Bury St Edmunds  
Suffolk  
IP32 7FA

18/12/2020

**Retail Charity Bonds plc**  
**Statement of Comprehensive Income**  
**for the year ended 31 August 2020**

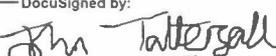
		Year ended 31 August 2020	Year ended 31 August 2019
	Notes	£'000	£'000
Turnover	2	417	198
Interest receivable and similar income	4	9,622	8,934
Interest payable and similar charges	6	(9,622)	(8,934)
Administrative expenditure		(414)	(195)
<b>Profit before taxation</b>		<u>3</u>	<u>3</u>
Tax	7	(1)	(1)
<b>Profit and total comprehensive income for the year</b>		<u><u>2</u></u>	<u><u>2</u></u>

The notes on pages 19 to 27 form part of these financial statements.

**(Registered number: 8940313)**  
**Retail Charity Bonds plc**  
**Statement of Financial Position**  
**as at 31 August 2020**

	Notes	As at 31 August 2020 £'000	As at 31 August 2019 £'000
<b>Current assets</b>			
Debtors: amounts due after more than one year	8	211,546	208,347
Debtors: amounts due within one year	9	14,062	2,812
Cash at bank and in hand		227	208
		225,835	211,367
<b>Creditors</b>			
Amounts falling due within one year	10	(14,228)	(2,961)
		211,607	208,406
<b>Net current assets</b>			
<b>Creditors</b>			
Amounts falling due after one year	11	(211,546)	(208,347)
		61	59
<b>Net assets</b>			
<b>Capital and reserves</b>			
Share capital	12	50	50
Profit and loss account		11	9
		61	59
<b>Shareholder's funds</b>			

The financial statements were approved and authorised for issue by the Directors on 18/12/2020 and were signed on their behalf by:

DocuSigned by:  
  
 8F3B03A59FD248C

.....  
 JOHN TATTERSALL – CHAIRMAN

The notes on pages 19 to 27 form part of these financial statements.

**Retail Charity Bonds plc**  
**Statement of Changes in Equity**  
**For the year ended 31 August 2020**

	Share capital	Profit and loss account	TOTAL
	£'000	£'000	£'000
Balance at 31 August 2018	50	7	57
Profit for the year	-	2	2
Balance at 31 August 2019	<u>50</u>	<u>9</u>	<u>59</u>
Profit for the year	-	2	2
Balance at 31 August 2020	<u>50</u>	<u>11</u>	<u>61</u>

The notes on pages 19 to 27 form part of these financial statements.

**Retail Charity Bonds plc**  
**Statement of Cash Flows**  
**for the year ended 31 August 2020**

	Year ended 31 August 2020 £'000	Year ended 31 August 2019 £'000
<b>Reconciliation of profit to net cash inflow</b>		
Profit after tax	2	2
Receipt of bond proceeds	14,015	17,078
Loans advanced	(14,015)	(17,078)
Interest received	9,238	8,511
Interest paid	(9,238)	(8,511)
Decrease in debtors	5	(19)
Increase in creditors	12	71
<b>Net cash inflow from operations</b>	19	54
 <b>CASHFLOW FOR THE YEAR</b>		
<b>Increase in cash</b>	19	54
Cash brought forward	208	154
<b>Net cash resources at period end</b>	227	208

**Retail Charity Bonds plc**  
**Notes to the Financial Statements**  
**for the year ended 31 August 2020**

**1. GENERAL INFORMATION**

Retail Charity Bonds plc ("the Company") is a public 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 Directors' Report.

**ACCOUNTING POLICIES**

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.

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.

*Going concern*

At the time of approving the financial statements the directors have a reasonable expectation that the company will continue in operational existence and be able to meet its liabilities as they fall due for at least 12 months following the approval of the financial statements. The company operates as a special purpose vehicle as explained in the Directors report. The nature of the company is such that it has no employees, requires no fixed assets and minimal reserves as the day to day operations are contracted out to Allia and certain of Allia's subsidiary companies. The arrangements are structured to ensure the company can at least breakeven. Consequently, the directors continue to adopt the going concern basis of preparation.

*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 amounts owed from related parties and other debtors, accrued income 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/premium and issue costs of each bond are amortised over the life of the bond to which they relate.

**Retail Charity Bonds plc**  
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Basic financial liabilities, including trade and other creditors 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.

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**1. GENERAL INFORMATION**  
**(continued)**

*Turnover*

The turnover shown in the statement of comprehensive income represents fees for the arrangement of bond issues, including fees incurred on behalf of borrowers for legal costs, and for the servicing of existing bonds and is recognised by the Company in line with the provision of services, 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 areas of judgement*

The Company makes judgements concerning the future.

The key judgement that has a potential risk of causing a material adjustment to the carrying amounts of assets and liabilities is the carrying value of loans receivable of £222,274,000 (2019: £208,347,000).

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 (as described in note 11), the risk of default by the borrowers is fully borne by the investors in the bonds.

*Critical accounting estimates and assumptions*

There are no critical accounting estimates and assumptions included within the financial statements.

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**2. TURNOVER**

Turnover was all derived from trading in the UK.

	Year ended 31 August 2020 £'000	Year ended 31 August 2019 £'000
Fees for the administration of bonds in issue	417	198

**3. STAFF COSTS**

The Company employs no staff. City and Continental Limited has the responsibility of origination management, with administration activities undertaken by Allia Bond Services Limited. None of the directors received remuneration for their services.

**4. INTEREST RECEIVABLE AND SIMILAR INCOME**

	Year ended 31 August 2020 £'000	Year ended 31 August 2019 £'000
Interest receivable on loans	9,622	8,934

**5. AUDITOR'S REMUNERATION**

The profit for the year is stated after charging:

	Year ended 31 August 2020 £'000	Year ended 31 August 2019 £'000
Fees payable to RSM UK Audit LLP and its associates:		
Audit remuneration	21	19

**6. INTEREST PAYABLE AND SIMILAR CHARGES**

	Year ended 31 August 2020 £'000	Year ended 31 August 2019 £'000
Interest payable to bond holders	9,622	8,934

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

Analysis of tax charge in the year	Year ended 31 August 2020 £'000	Year ended 31 August 2019 £'000
Current tax	1	1
Tax on profit on ordinary activities	<u>1</u>	<u>1</u>

The tax assessed for the year is equal to the standard rate of corporation tax in the UK at 19%.

	Year ended 31 August 2020 £'000	Year ended 31 August 2019 £'000
Profit for the year before taxation	<u>3</u>	<u>3</u>
UK corporation tax at 19%	<u>1</u>	<u>1</u>
Current tax charge for the year	<u>1</u>	<u>1</u>

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

	At 31 August 2020 £'000	At 31 August 2019 £'000
Loans to charities	<u>211,546</u>	<u>208,347</u>

The loans are unsecured (see note 11 for further details). The Company's rights to receive payments from the borrowers under the loans and certain related assets under the issue documents for the bonds are charged as security for the benefit of the investors in each of the bonds.

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

	At 31 August 2020 £'000	At 31 August 2019 £'000
Other debtors	48	53
Amounts owing from related companies	50	50
Accrued interest on loans	2,983	2,709
Loans to charities	10,981	-
	<u>14,062</u>	<u>2,812</u>

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

	At 31 August 2020 £'000	At 31 August 2019 £'000
Trade creditors	15	26
Other creditors	179	159
Deferred income	45	42
Accrued interest on bonds	2,983	2,709
Other accruals	25	25
Bonds issued to fund loans made	10,981	-
	<u>14,228</u>	<u>2,961</u>

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

	At 31 August 2020 £'000	At 31 August 2019 £'000
Bonds issued to fund loans made	<u>211,546</u>	<u>208,347</u>

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

**(continued)**

The borrowings are due as follows:

	At 31 August 2020	At 31 August 2019
	£'000	£'000
Due in less than five years	26,811	10,960
Due in more than five years	184,665	197,387
	<u>211,546</u>	<u>208,347</u>

**12. SHARE CAPITAL**

	At 31 August 2020	At 31 August 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.

**13. 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. The director received interest in line with the published return on the bond

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**13. RELATED PARTIES**  
**(continued)**

Philip Wright, a Director of the Company, is also a Trustee of Allia Limited. Timothy Jones, a Director of the Company, is also a director of Allia Bond Services Limited and the Chairman of City and Continental Limited. During the year ended 31 August 2020 Allia Bond Services Limited charged the Company £171,000 (2019: £(150,000)); Allia Bond Services Limited is a wholly owned subsidiary of Allia Limited. At 31 August 2020 the Company owed £179,000 to Allia Bond Services Limited (2019: £158,000).

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

The Company undertook 2 transactions during the year with City and Continental Limited in relation to the Golden Lane Retained Bonds and Alnwick Bond Issue £119,000 (2019: £19,266). There were no outstanding balances as at year end.

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 Bond Services Limited and City and Continental Limited. None of the directors received remuneration for their services (2019: £nil), they are remunerated through Allia Bond Services Limited and City and Continental Limited but it is not practical to split out the element of their remuneration relating to services to the company.

**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. NET DEBT RECONCILIATION**

	At 31 August 2019	Cash Flows	Other non-cash changes	At 31 August 2020
	£'000	£'000	£'000	
<i>Cash and cash equivalents</i>	227	(19)	-	208
	227	(19)	-	208
<i>Borrowings</i>				
Debt due within one year	-		(10,981)	(10,981)
Debt due after one year	(208,347)	(14,015)	10,816	(211,546)
	(208,347)	(14,015)	(165)	(225,954)

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**16. POST BALANCE SHEET EVENTS**

On 9 November 2020 the Company issued £2,000,000 4.5% retained bonds due 20 June 2026, secured on a loan to Belong Limited.

On 17 December 2020 the Company issued £25,000,000 5% due 2030 including £10,000,000 retained bonds, secured on a loan to Greensleeves Homes Trust