

**RETAIL
CHARITY
BONDS**

**RCB Bonds PLC
(formerly Retail Charity Bonds PLC)
Financial Statements
for the year ended 31 August 2021**

Registered number: 8940313

RCB Bonds PLC
(formerly Retail Charity Bonds PLC)

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for the year ended 31 August 2021**

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RCB Bonds PLC
(formerly Retail Charity Bonds PLC)
Reference and Administrative Details
for the year ended 31 August 2021

DIRECTORS:	John Tattersall (Chairman) Ian Coleman Gordon D'Silva Thomas Hackett (Chairman, Review Committee) Timothy Jones Philip Wright (Chairman, Audit Committee) Evita Zanuso (resigned 13 July 2021) Alexandra Stephens (appointed 12 July 2021)
SECRETARY:	Briony Maritz
REGISTERED OFFICE:	Future Business Centre King's Hedges Road Cambridge CB4 2HY
COMPANY NUMBER:	8940313
AUDITOR:	Price Bailey LLP Tennyson House Cambridge Business Park Cambridge CB4 0WZ
PRINCIPAL BANKERS:	National Westminster Bank plc 135 Bishopsgate London EC2M 3UR
SOLICITORS	Linklaters LLP One Silk Street London EC2Y 8HQ

RCB Bonds PLC
(formerly Retail Charity Bonds PLC)
Strategic Report
for the year ended 31 August 2021

Summary and highlights

Change of name

The Company changed its name from Retail Charity Bonds PLC to RCB Bonds PLC on 10 September 2021 to reflect the fact that it will now act on behalf of ethical companies, as well as registered charities.

Results

The Directors present their Annual Report and audited financial statements for the year to 31 August 2021.

The results of RCB Bonds PLC (the "Company") are set out on page 17. The articles of the Company do not permit the payment of a dividend.

Business model and strategy

RCB Bonds PLC is a special purpose vehicle created by Allia Ltd, a national charity and social finance specialist. The Company was established for the purpose of issuing bonds and lending the proceeds to UK charities and ethical companies to enable them to deliver their charitable mission. Since the year end the Company's objectives have been extended to allow proceeds also to be lent to ethical companies in the United Kingdom for the purpose of promoting social and/or environmental impact. 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 City & Continental Limited (C&C).

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 (2020: £2k).

On the 17 November 2020 the Company issued £2m of the 4.50% retained bonds, due 2026. At the same time a further £2m was advanced to Belong Homes, on which the retained bonds were secured.

On the 17 December 2020 the Company issued £25m of the 5.00% bonds, due 2030 (including retained bonds), secured on a loan to Greensleeves Homes Trust. The total principal amount of retained bonds was £10m.

On the 22 January 2021 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.

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On the 22 July 2021 the Company issued £15m of the 3.25% bonds, due 2031 (including retained bonds), secured on a loan to Golden Lane Housing. The total principal amount of retained bonds was £4m.

On the 29 July 2021 the Company redeemed the 4.375% bonds issued in relation to Golden Lane Housing in 2014, from the proceeds of repayment of the loan advanced to Golden Lane Housing.

On the 24 August 2021 the Company issued £10m of the 5.00% retained bonds, due 2030. At the same time a further £10m was advanced to Greensleeves Homes Trust, on which the retained bonds were secured.

The balance sheet position at year end shows net assets of £63k (2020: £61k).

ABS continued to undertake all activities relating to administration and management. C&C has the responsibility to act as Origination Manager to identify further suitable borrowers who would benefit from being able to 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 2021 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

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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 ABS 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 ABS, 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 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 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 ABS.

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 ABS and C&C on its behalf:

- All relevant details for each bond issue, such as amounts, contract details, timings are documented and confirmed within ABS and C&C and by the relevant issuer. 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.

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Strategic Report
for the year ended 31 August 2021

- 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.

The Company is a special purpose vehicle; its only business is issuing bonds, in order to lend the proceeds to UK charities and ethical companies in the United Kingdom for the purpose of promoting social and/or environmental impact. Many of these bodies 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.

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 borrowers. It also acts as lead manager on new issues and supports secondary market trading of bonds for institutional investors.

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 RC 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:

John Tattersall

Chairman
Signed: 17 December 2021

RCB Bonds PLC
(formerly Retail Charity Bonds PLC)
Directors' Report
for the year ended 31 August 2021

Incorporation

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

Consumption by the Company is less than 40,000 kWh of energy therefore, a statement that greenhouse gas emissions, energy consumption and energy efficiency disclosures are not given for that reason.

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 and ethical companies in the United Kingdom for the purpose of promoting social and/or environmental impact. 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 (resigned 13 July 2021)
Alexandra Stephens (appointed 12 July 2021)

Independent auditor

The auditor, Price Bailey LLP, has expressed its willingness to continue in office, and a resolution for the reappointment of Price Bailey LLP as auditor will be proposed at the forthcoming annual general meeting of the Company.

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. The company has no direct relationships other than ABS and it relies on ABS to foster business relationships with suppliers, customers and others.

RCB Bonds PLC
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Directors' Report
for the year ended 31 August 2021

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Strategic Report and the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going-concern basis, unless it is inappropriate to presume that the company will continue in operation.

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 RCB Bonds PLC website.

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

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Directors' Report
for the year ended 31 August 2021**

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: 17 December 2021

**Independent Auditor's Report to the Members of RCB Bonds PLC
(formerly Retail Charity Bonds PLC)**

Opinion

We have audited the financial statements of RCB Bonds PLC (the 'company') for the year ended 31 August 2021 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 significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 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 2021 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 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.

Summary of our audit approach

Key audit matters: Accounting for bond issues, corresponding loans and revenue recognition

Overall materiality: £150,000

Performance materiality: £113,000

Scope of our audit procedures included testing interest receivable by recalculating a sample of the amounts due under the agreements and comparing to the amounts recorded and selecting a sample of costs to supporting documentation.

Key audit matters

Key audit matters are those that, in our professional judgement, were of most significant in our audit of the financial statements of the current period and include the most significant addressed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: overall audit strategy, the allocation of resources in the audit, the directing of efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as

**Independent Auditor's Report to the Members of RCB Bonds PLC
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a whole and in forming our opinion thereon, we do not provide a separate opinion on these matters.

Accounting for bond issues and corresponding loans

During the year two new bonds and three further retained bonds were issued details of which are set out within 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.
- reviewing the loans to the charities and considering recoverability, by reviewing the agreements, and looking at the latest financial statements for each of the charities. We also reviewed to see if there had been any defaults on repayments due.

The carrying value of the bonds and corresponding loans to charities appear reasonable, with appropriate disclosure having been made in the financial statements.

Revenue recognition

In our assessment of audit risk, we determined that the existence and timing of revenue gives rise to a significant risk of material misstatement. The principal source of revenue for the company is the fees for the arrangement of bond issues including fees incurred on behalf of borrowers for legal costs, and for the servicing of existing bonds . The risk is that income has failed to be recognised in the appropriate period and subsequently revenue has not been recognised in line with the accounting policy.

We focused on the timing of revenue recognition in accordance with the stated accounting policies and the subsequent presentation in the statement of comprehensive income

Our procedures included:

- detailed depth testing on a sample of transactions whereby we reviewed the loan agreements and ensured that revenue has been accounted for correctly and that revenue was complete.

Independent Auditor's Report to the Members of RCB Bonds PLC (formerly Retail Charity Bonds PLC)

- gaining an understanding of the systems and procedures implemented to ensure revenue is recognised in the appropriate accounting period, testing a sample of entries where necessary.

Our application of materiality

We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable knowledgeable users that are taken on the basis of financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We based materiality for the company on turnover as we considered this to be a key driver of the RCB Bonds PLC financial statements. Turnover was considered the key driver due to the interest received on the loans being pivotal to ensure the company can settle bond obligations and continue operationally. This provided us with a materiality figure of £150,000. We then used a basis of 75% in order to achieve a performance materiality of £113,000, which was considered a reasonable basis from a risk perspective.

We apply the concept of materiality both in the planning and performance of the audit, and in evaluating the effects of misstatements.

During the course of the audit we reassessed materiality from planning to reflect the final reported performance of the company. There was no change made to our planning materiality.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the entity's ability to continue to adopt the going concern basis of accounting included critical appraisals of future forecasts and post year end management accounts.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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. 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 course of 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 this gives rise to a material

**Independent Auditor's Report to the Members of RCB Bonds PLC
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misstatement in the financial statements themselves. 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 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 and the directors' report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 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 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

**Independent Auditor's Report to the Members of RCB Bonds PLC
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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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We gained an understanding of the legal and regulatory framework applicable to the company and the sector in which it operates and considered the risk of the company not complying with the applicable laws and regulations including fraud; in particular, those that could have a material impact on the financial statements. This included those regulations directly related to the financial statements, including financial reporting and tax legislation. In relation to the sector, it included Company Law, cybercrime and GDPR.

The risks were discussed with the audit team and we remained alert to any indications of non-compliance throughout the audit. We carried out specific procedures to address the risks identified. These included the following:

- review of legal fees incurred;
- review of company risk management procedures;
- reviewing minutes of Director Board meetings;
- agreeing the financial statement disclosures to underlying supporting documentation;
- enquiring of management including those charged with governance;
- reviewing the key accounting policies and estimates

To address the risk of management override of controls, we carried out testing of journal entries and other adjustments for appropriateness, and evaluating the business rationale of significant transactions outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, omission or misrepresentation.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx>. This description forms part of our auditor's report.

**Independent Auditor's Report to the Members of RCB Bonds PLC
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Other matters which we are required to address

We were appointed by the Audit & Risk Committee on 14 October 2021. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is one year.

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.

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.



Martin Clapson FCA (Senior Statutory Auditor)

For and on behalf of

Price Bailey LLP

Chartered Accountants
Statutory Auditors
Tennyson House
Cambridge Business Park
Cambridge
CB4 0WZ

Date: 17 December 2021

RCB Bonds PLC
(formerly Retail Charity Bonds PLC)
Statement of Comprehensive Income
for the year ended 31 August 2021

		Year ended 31 August 2021	Year ended 31 August 2020
	Notes	£'000	£'000
Turnover	2	300	417
Interest receivable and similar income	4	10,796	9,622
Administrative expenditure		(297)	(414)
Interest payable and similar charges	6	(10,796)	(9,622)
Profit before taxation		3	3
Taxation	7	(1)	(1)
Profit and total comprehensive income for the year		2	2

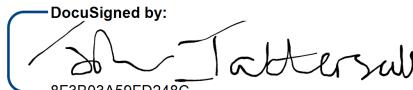
All amounts for both the year ended 31 August 2021 and 31 August 2020 relate to continuing activities.

The notes on pages 21 to 31 form part of these financial statements.

(Registered number: 8940313)
RCB Bonds PLC
(formerly Retail Charity Bonds PLC)
Statement of Financial Position
as at 31 August 2021

	Notes	As at 31 August 2021 £'000	As at 31 August 2020 £'000
Current assets			
Debtors: amounts due after more than one year	8	253,891	211,546
Debtors: amounts due within one year	9	3,216	14,062
Cash at bank and in hand		236	227
		257,343	225,835
Creditors			
Amounts falling due within one year	10	(3,389)	(14,228)
Net current assets		253,954	211,607
Creditors			
Amounts falling due after one year	11	(253,891)	(211,546)
Net assets		63	61
Capital and reserves			
Share capital	12	50	50
Profit and loss account		13	11
Shareholder's funds		63	61

The financial statements were approved and authorised for issue by the Directors on 17 December 2021 and were signed on their behalf by:

DocuSigned by:

.....8F3B03A59FD248C.....
JOHN TATTERSALL – CHAIRMAN

The notes on pages 21 to 31 form part of these financial statements.

RCB Bonds PLC
(formerly Retail Charity Bonds PLC)
Statement of Changes in Equity
For the year ended 31 August 2021

	Share capital £'000	Profit and loss account £'000	TOTAL £'000
Balance at 31 August 2019	50	9	59
Profit and total comprehensive income for the year	-	2	2
Balance at 31 August 2020	50	11	61
Profit and total comprehensive income for the year	-	2	2
Balance at 31 August 2021	50	13	63

The notes on pages 21 to 31 form part of these financial statements.

RCB Bonds PLC
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Statement of Cash Flows
for the year ended 31 August 2021

	Year ended 31 August 2021 £'000	Year ended 31 August 2020 £'000
Reconciliation of profit to net cash inflow		
Cash flow from operating activities		
Profit	2	2
Interest receivable on loans	(10,796)	(9,622)
Corporation tax charge	1	1
Corporation tax paid	(1)	(1)
(Increase) / decrease in debtors	8	5
Interest payable on notes	10,796	9,622
Increase / (decrease) in creditors	<u>(1)</u>	<u>12</u>
	7	17
Cash flow from investing activities		
Interest received on loans	10,653	9,238
Loans to borrowers	(42,345)	(14,015)
Refinancing of loans	<u>10,981</u>	<u>-</u>
	<u>(20,711)</u>	<u>(4,777)</u>
Cash flow from financing activities		
Receipt of bond proceeds	42,345	14,015
Interest paid on notes	(10,653)	(9,238)
Refinancing of bonds	<u>(10,981)</u>	<u>-</u>
	<u>20,711</u>	<u>4,777</u>
Net cash inflow	<u>9</u>	<u>19</u>

CASHFLOW FOR THE YEAR

Increase in cash	9	19
Cash brought forward	227	208
Net cash resources at period end	<u>236</u>	<u>227</u>

RCB Bonds PLC
(formerly Retail Charity Bonds PLC)
Notes to the Financial Statements
for the year ended 31 August 2021

1. GENERAL INFORMATION

Retail Charity Bonds PLC ("the Company") is a public limited company limited by shares domiciled in the United Kingdom and registered in England and Wales.

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

Basis of preparation

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.

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:

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 ABS. 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.

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.

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Taxation

The directors are satisfied that this company meets the definition of a 'securitisation company' as defined by both The Finance Act 2005 and the subsequent secondary legislation and that no incremental unfunded tax liabilities will arise. As a result, no deferred tax amounts are recognised.

Under the powers conferred by the Act, secondary legislation was enacted in 2006 which ensures that, subject to certain conditions being met and an election being made, corporation tax for a 'securitisation company' will be calculated by reference to the profit of the securitisation company required to be retained in accordance with the relevant capital market arrangement.

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.

Impairment

The company assesses at each balance sheet date whether there is any objective evidence that a financial asset is impaired. A financial asset or portfolio of financial assets is impaired and an impairment loss incurred if there is objective evidence that an event or events since initial recognition of the asset have adversely affected the amount or timing of future cash flows from the asset.

If there is objective evidence that an impairment loss on a financial asset classified as loans and receivables has been incurred, the company measures the amount of the loss as the difference between the carrying amount of the asset and the present value of estimated future cash flows from the asset discounted at the effective interest rate of the instrument at initial recognition.

Impairment losses are recognised in the statement of comprehensive income and the carrying amount of the financial asset reduced by establishing an allowance for impairment losses and the reduction can be ascribed to an event after the impairment was recognised, the previously recognised loss is reversed by adjusting the allowance. Once an impairment loss has been recognised on a financial asset, interest income is recognised on the carrying amount using the rate of interest at which estimated future cash flows were discounted on measuring impairment.

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.

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Segmental analysis

The whole Company's operations are carried out in the United Kingdom and the results and net assets are derived from notes issued in the United Kingdom, so therefore the directors only report one business and one geographic segment.

Loans

The loan is a non-derivative financial asset with fixed or determinable repayments and is not quoted in an active market. It is classified as loans and receivables. In accordance with FRS 102 'Financial Instruments: Recognition and Measurement' the Loan is measured at initial recognition at cost, and is subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in the statement of comprehensive income when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

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.

Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Debtors and creditors receivable/payable within one year

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price.

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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 £253,891,000 (2020: £211,546,000).

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 2021 £'000	Year ended 31 August 2020 £'000
Fees for the administration of bonds in issue	300	417

During the year no transactions with a single external customer amounted to 10% or more of the total annual turnover (2020: Nil).

3. STAFF COSTS

The Company employs no staff. C&C has the responsibility of origination management, with administration activities undertaken by ABS. None of the directors received remuneration for their services (2020: Nil).

4. INTEREST RECEIVABLE AND SIMILAR INCOME

	Year ended 31 August 2021 £'000	Year ended 31 August 2020 £'000
Interest receivable on loans	10,796	9,622

5. AUDITOR'S REMUNERATION

The profit for the year is stated after charging:

	Year ended 31 August 2021 £'000	Year ended 31 August 2020 £'000
Fees payable to Price Bailey LLP:		
Audit remuneration	18	
Fees payable to RSM UK Audit LLP and its associates:		
Audit remuneration	21	

6. INTEREST PAYABLE AND SIMILAR CHARGES

	Year ended 31 August 2021 £'000	Year ended 31 August 2020 £'000
Interest payable to bond holders	10,796	9,622

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7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	Year ended 31 August 2021	Year ended 31 August 2020
	£'000	£'000
Current tax	1	1
Tax on profit	1	1

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

	Year ended 31 August 2021	Year ended 31 August 2020
	£'000	£'000
Profit for the year before taxation	3	3
UK corporation tax at 19%	1	1
Current tax charge for the year	1	1

For UK corporation tax purposes, the company has been considered as a 'Securitisation Company' under the 'Taxation of Securitisation Companies Regulations 2006 (SI 2006/3296)'. Therefore, the company is not required to pay corporation tax on its accounting profit or loss. Instead, the company is required to pay tax on a pre-defined proportion of its retained profits as specified in the documentation governing the transaction.

8. DEBTORS: AMOUNTS DUE AFTER MORE THAN ONE YEAR

	At 31 August 2021	At 31 August 2020
	£'000	£'000
Loans to charities	253,891	211,546

The loans are unsecured (see note 11 and 12 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.

The respective loans and bonds and the terms on which they were made are shown in note 12.

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9. DEBTORS: AMOUNTS DUE WITHIN ONE YEAR

	At 31 August 2021	At 31 August 2020
	£'000	£'000
Other debtors	40	48
Amounts owing from related companies	50	50
Accrued interest on loans	3,126	2,983
Loans to charities	-	10,981
	<u>3,216</u>	<u>14,062</u>

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	At 31 August 2021	At 31 August 2020
	£'000	£'000
Trade creditors	13	15
Other creditors	171	179
Deferred income	53	45
Accrued interest on bonds	3,126	2,983
Other accruals	26	25
Bonds issued to fund loans made	-	10,981
	<u>3,389</u>	<u>14,228</u>

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

	At 31 August 2021	At 31 August 2020
	£'000	£'000
Bonds issued to fund loans made	<u>253,891</u>	<u>211,546</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.

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

(continued)

The borrowings are due as follows:

	At 31 August 2021	At 31 August 2020
	£'000	£'000
Due in less than five years	158,375	26,811
Due in more than five years	95,516	184,665
	253,891	211,546

The loans are unsecured (see note 8 and 12 for further details). All are repayable in full at the end of the bond term at the maturity dates shown in note 12. 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.

12. BREAKDOWN OF DEBTORS AND CREDITORS: AMOUNT FALLING DUE AFTER MORE THAN ONE YEAR

As noted above, each bond is secured against a corresponding loan issued on the same terms and for the same duration. These are listed below:

	Loan asset	Bond liability	Interest rate	Maturity date
Hightown Housing Association	26,904,904	26,904,904	4.40%	30/04/2025
Charities Aid Foundation	19,853,688	19,853,688	5.00%	12/04/2025
Greensleeves Homes Trust	49,977,142	49,977,142	4.25%	30/03/2026
Dolphin Living	24,854,856	24,854,856	4.25%	06/07/2026
Hightown Housing Association	31,343,749	31,343,749	4.00%	31/10/2027
Golden Lane Housing	18,265,419	18,265,419	3.90%	23/11/2027
Belong	36,784,297	36,784,297	4.50%	20/06/2026
Alnwick	9,866,237	9,866,237	5.00%	27/03/2030
Greensleeves Homes Trust	25,189,492	25,189,492	5.00%	17/12/2030
Golden Lane Housing	10,851,464	10,851,464	3.25%	22/07/2031
	253,891,248	253,891,248		

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13. SHARE CAPITAL

	At 31 August 2021 £'000	At 31 August 2020 £'000
Authorised issued shares of £1 each	50	50
Allotted, called up, and paid	50	50

No shares were issued during the year.

50,000 of the issued £1 shares are allotted, called up, and paid.

The Directors are happy that the intercompany arrangement between RCB Bonds and RC Bond Holdings meet the payment requirements as per the Companies Act 2006.

In addition, there is one issued £1 ordinary share, which is designated as a "Special Share" which is called up and paid. 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.

14. RELATED PARTIES

John Tattersall is a Director of the Company; he owned £7,600 (2020: £7,600) of the bonds in relation to Golden Lane Housing Limited issued by the Company in 2014 which have been redeemed during the year, £10,000 (2020: £10,000) of the bonds in relation to Hightown Housing Association Limited issued by the Company in 2015, £8,300 (2020: £8,300) of the bonds in relation to Dolphin Square Charitable Foundation issued by the Company in 2017 and £8,100 (2020: £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.

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 ABS and the Chairman of C&C. During the year ended 31 August 2021 ABS charged the Company £169,000 (2020: £171,000); ABS is a wholly owned subsidiary of Allia Limited. At 31 August 2021 the Company owed £169,000 to ABS (2020: £179,000).

In addition, Allia Limited holds the £1 Special Share described in note 13.

The Company undertook 5 transactions during the year with C&C in relation to the Belong Retained Bond, Greensleeves Homes Trust Bond Issue, 2 Golden Lane Housing Retained Bonds and Greensleeves Homes Trust Retained Bond Issue. The transactions with C&C totalled £277,000 (2020: £119,000). There were no outstanding balances as at year end.

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14. RELATED PARTIES (continued)

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 ABS and C&C. None of the directors received remuneration for their services (2020: £nil), they are remunerated through ABS and C&C but it is not practical to split out the element of their remuneration relating to services to the company.

15. 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.

16. NET DEBT RECONCILIATION

	At 31 August 2020	Cash Flows	Other non-cash changes	At 31 August 2021
	£'000	£'000	£'000	£'000
<i>Cash and cash equivalents</i>	227	9	-	236
	<hr/>	<hr/>	<hr/>	<hr/>
	227	9	-	236
<i>Borrowings</i>				
Debt due within one year	(10,981)	10,981	-	-
Debt due after one year	(211,546)	(42,191)	(159)	(253,896)
	<hr/>	<hr/>	<hr/>	<hr/>
	(222,527)	(31,210)	(159)	(253,896)

Other non-cash changes are due to the effective interest rate adjustment.

17. POST BALANCE SHEET EVENTS

On 8 December 2021 the Company issued £50,000,000 3.5% bonds due 2031 (including £20,000,000 retained bonds) secured on a loan to Charities Aid Foundation.

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17. POST BALANCE SHEET EVENTS

(continued)

On 9 December 2021 Charities Aid Foundation purchased £12,810,000 of the Company's outstanding £30,000,000 5.00 per cent. bonds due 12 April 2026 secured on a loan to Charities Aid Foundation, which were surrendered for cancellation. Accordingly, the corresponding amount under the relevant loan to Charities Aid Foundation was deemed to be prepaid. On the same date the Company also arranged for the £10,000,000 retained bonds to be cancelled. The aggregate principal amount of the bonds remaining, and the outstanding balance under the loan, is therefore £7,190,000.

18. FINANCIAL INSTRUMENTS

The carrying amounts of the Company's financial instruments, all of which are measured at amortised cost, were as follows:

	At 31 August 2021	At 31 August 2020
	£'000	£'000
<i>Financial assets:</i>		
Loans	257,020	225,510
Trade and other debtors	87	95
Cash at bank and in hand	236	227
	257,343	225,832

Financial liabilities:

Notes	(257,020)	(225,510)
Trade and other creditors	(210)	(219)
	(257,230)	(225,729)

Financial assets that are debt instruments measured at amortised cost comprise loan notes, trade and other debtors and cash at bank and in hand.

Financial liabilities measured at amortised cost comprise bond notes, trade and other creditors.