

ALLIA LTD

Report of the Directors

and Financial Statements

for the Year Ended 31 August 2015

ALLIA LIMITED

Contents of the Financial Statements for the Year Ended 31 August 2015

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Allia Limited
Chief Executive's Statement
for the Year Ended 31 August 2015

Society's most pressing problems, and the funding to fix them, are constantly evolving. That is why Allia continues to develop and deliver initiatives that create social impact and enable people and the planet to flourish.

It has been enormously gratifying that the EU, through ERDF, gave such backing to our Future Business Centre in Cambridge, the Scottish Government returned for further social finance support for affordable housing, Peterborough City Council worked with us to open the Future Business Centre in Peterborough and the Cabinet Office's support for the Social Incubator East paid off so handsomely with the excellent results delivered under that programme with Cambridge Judge Business School, Foundation East and Keystone Innovation Trust.

The launch of the London Stock Exchange listed retail charity bonds has been a resounding success and the pipeline of charitable organisations coming to us for asset finance solutions is building steadily.

Our surplus last year, principally achieved from the profit of £1.57 million on the sale of Citylife House, has enabled us to fund investment in future activities. The deficit we are reporting this year (£853,000) includes the costs of establishing the retail charity bond platform and of establishing our Future Business Centre in Peterborough. Net expenditure is planned to continue in the short term. We are confident that the Society's long term future is secure.

Social enterprise – that is to say enterprise for the benefit of people or the planet – has enormous potential. As a commercially focused, entrepreneurial organisation, with charitable status that is working for social impact rather than private profit, our task at Allia is to do all we can to nurture it.

It is with real gratitude that I thank everyone who gives their time, support, faith and dedication to us by working for and with us, governing us and investing in us.

Thank you.

Tim Jones

CEO Allia

Allia Limited
Report of the Directors
for the Year Ended 31 August 2015

The Trustee Directors (the "Directors") present their annual report and the audited financial statements for the year ended 31 August 2015.

These accounts include the results of our trading subsidiaries, Future Business Enterprise Agency Limited and Allia Bond Services Limited.

As the Society is an exempt charity, the Directors prepare the accounts in accordance with the Statement of Recommended Practice - Accounting and Reporting by Charities (SORP 2005).

OBJECTIVES AND ACTIVITIES

Allia, supporting individuals and ventures who create social benefit

Allia is a charitable organisation – a society for the benefit of the community – started in 1999. Our purpose is to make a positive impact on society by supporting individuals and ventures that create social benefit. We do that in three ways; through social finance, social innovation and workspace including enterprise support. We have pioneered:

- the Charitable Bond;
- the London Stock Exchange listed Retail Charity Bonds;
- the Scottish Government Social Housing Bonds;
- Future Business Centres for the nurture and development of new social, local and environmental enterprises; and
- the Social Incubator East programme part-funded by the Cabinet Office.

Our vision

A future where social ventures flourish and people and communities are inspired and enabled to use their resources to make a difference.

Our 3 strategic goals

Develop and deliver funding mechanisms to finance the growth of ventures that deliver social impact, including:

- Retail Charity Bonds; and
- Charitable Giving Bonds.

Provide workspace, networks and business support so that individuals and ventures that want to make a social impact can flourish at every stage, including:

- Future Business Centres; and
- Incubation programmes, such as Social Incubator East and Green Inc.

Conceive and deliver sustainable new ventures that will make a positive social impact and tackle society's pressing problems, including:

- Employment and accommodation for young people;
- Care and liveability provision for an ageing population;
- Financially affordable and environmentally friendly housing; and
- Transition and spin out of public services.

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ACHIEVEMENTS AND PERFORMANCE

We have two divisions which focus on current activities:

- Workspace and enterprise solutions; and
- Social finance.

In addition our Social innovation and development division conceives sustainable and resilient new ventures that can make an impact on other emerging issues.

Workspace and enterprise solutions

"Some people see an office, we see a place to change the world"

In 2013 we opened the doors of our inspirational new Future Business Centre in Cambridge and welcomed our first ventures. Over the last year we have reached full occupancy at the Centre and become an important part of the Cambridge business landscape. Our vision, to create a home for social and environmental ventures to start up and grow, has gathered pace. This has already achieved:

- 100% occupancy of our workspace;
- Over 300 ventures supported through structured support programmes including the ERDF 'Start-Up and Grow Programme' and Social Incubator East;
- A home for more than 70 enterprises;
- Support for the creation of 200 new jobs; and
- The development of our venture support offering, including ideation, acceleration and incubation.

We have invested in stronger support teams and built more efficient processes to meet the needs of our fast growing community of tenants, supporters and clients. We have documented the impact of Future Business Centres in a film which shows the impact on four different ventures; extracts are set out below:

Alchemie Technology

Alchemie Technology create sustainable, resource efficient, industrial inkjet solutions developed to deliver a return on investment for their customers.

Alchemie joined our ERDF Start-Up and Grow programme in 2013 as a pre-start up. Having incorporated they joined us as a tenant at the Future Business Centre and we helped them to access the Climate KIC accelerator programme where they received valuable training and support. Since joining us Alchemie has gone from pre-start up to a business employing 6 people expecting to rise to 10 in 2016.

They describe the support they had through Future Business Centre as invaluable and something they would wholeheartedly recommend to other start-ups.

Green Air Cars

Green Air Cars is a premium chauffeur service specialising in airport transfers and long distance journeys in East Anglia, the South East and London from their base near Stansted Airport. They use hybrid or fuel efficient vehicles that have a lower environmental impact and they offset 200% of vehicle emissions to create significant carbon reduction for their customers and clients.

Green Air Cars benefitted both from business support from our ERDF Start-Up and Grow programme and as a tenant within our incubator space. They received support from our business advisors around their early challenges of finding customers, marketing and

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recruiting new drivers and as they continue to grow they are working with us to develop people management, sales, marketing and customer development strategies for the business. The company described the Future Business Centre as the perfect venue for their business and that their experience of the support available through the project had been 'brilliant'.

When the company joined us they had 6 employees. They have grown to over 20, and expect a further 20% growth in employee numbers in 2016.

Kisanhub

Kisanhub is a farming information platform that helps farmers optimise inputs, boost returns and improve business efficiency. Using cloud based software and systems the technology platform aggregates soil, weather, market, supply and a host of other data to create what it calls an 'operating system for the farm'.

The company had just one employee when they engaged with our ERDF support programme. The company wanted to build a team, find funding, access networks and develop a customer base. It now has 11 employees with offices in the UK and India. Their turnover has more than tripled since they joined the programme and they expect it to nearly triple again over the next 12 months.

Cambond

Cambond is a new Cambridge start-up company working on 'green' adhesives for industry. Cambond was founded by Dr Xiaobin Zhao and Dr Gareth Roberts to develop Dr Zhao's invention of a way of making adhesives from biomass, such as algae and co-products of ethanol production.

Cambond joined as a start-up and began working with our business support advisors from the outset. Dr Roberts described how being part of the Future Business Centre and the Climate KIC accelerator, which we helped them to access, gave Cambond "instant credibility" and how this has played a significant role in helping them grow turnover; develop an international production facility and joint venture; and access significant external equity funding. Over the next 12 months Cambond expect to continue to increase employee numbers and turnover as they grow their international production facilities. In 2014 Cambond were shortlisted as finalists in the Royal Society of Chemistry's Emerging Technologies Competition and has been selected as Hero for Cleantech Innovation (London) in 2016.

Expanding into Peterborough

In the summer, working closely with Peterborough City Council, we opened a brand new Future Business Centre at the ABAX stadium in the city centre. Peterborough has been enormously successful in creating jobs and has set itself the ambition of being the environment capital of the UK. An Allia Future Business Centre brings an exciting new dimension to Peterborough's drive for a sustainable economy and will help its ambition to create even more jobs – especially those in the knowledge economy – whilst developing a skilled workforce equipped for today's emerging sectors.

The building has high-quality office and workshop spaces, conference and meeting rooms, gigabit internet connection and will soon have an Innovation Lab and a bistro. Two important tenants have already joined the centre, Opportunity Peterborough and Lark Energy.

Lark Energy is an award-winning provider of commercial and utility scale energy schemes encompassing a wide range of renewables and is just the type of business that benefits the planet and people that the Future Business Centre aims to support. Jonathan Selwyn, Managing Director of Lark Energy Commercial, said "the Future Business Centre is a perfect location for our new Commercial division. Lark Energy is one of the UK's leading

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solar companies and we expect our commercial division to grow strongly over the coming years. The Future Business Centre offers a first class office environment in a central location and provides excellent support for businesses such as ours."

Opportunity Peterborough is an economic development company, which supports local businesses, attracts inward investment and leads the Skills Service and Future Cities programme. Steve Bowyer, chief executive of Opportunity Peterborough, said: "These are exciting times for us - and the city. We're pleased to be one of the first tenants to move in to the Future Business Centre which is a fantastic new facility. We look forward to working with Allia, to drive the city's economic growth."

Interest in the Peterborough Future Business Centre is growing fast. Our new dedicated management team looks after the building and tenants and makes sure that every opportunity to build awareness of the centre in Peterborough is pursued.

Social Incubator East

In 2014 Allia secured Cabinet Office funding to deliver the Social Incubator East programme over 2 years in the East of England and this is run as part of our business support for social ventures. Its aim is to establish investable start up social ventures by providing business support, workspace and loans to ambitious entrepreneurs helping them to fulfil their potential, grow their business and make a positive impact for people or the planet.

Since starting in June 2014, Social Incubator East, under the expert guidance of Programme Director Belinda Bell, has engaged with more than 200 potential entrepreneurs at 5 social venture weekends where they went through two and a half days of world class training with University of Cambridge Judge Business School.

From these weekends, 49 ventures have been selected so far, for a year-long programme of business support, mentoring and free workspace to help them nurture and develop their business idea. Four cohorts started within the year and in the summer the first 9 growing enterprises graduated from the programme, ready to make their way in the business world. You can read about two of them [here](#).

Social Incubator East "graduate" enterprises:

Repositive

Fiona Nielsen joined our Social Venture Weekend in 2014. She was accepted onto our first Social Incubator East cohort and one year on has a thriving enterprise which has graduated from the programme and become a fast-growing tenant of our Future Business Centre in Cambridge. Amongst stiff competition, Repositive recently won a £50,000 grant to develop their platform further.

About Repositive: Advances in genomic research are often delayed due to difficulties in finding genomic data relevant to that research. Finding the right repository containing the data you need can be difficult and time consuming.

Fiona Nielsen, CEO of Repositive, said: "With the explosion in the amount of genomic data now available, scientists need a more effective tool to identify the most useful data for their research. At Repositive we are working to change this picture. Through the Repositive platform, they can seamlessly identify the most useful data. In addition, the platform will also improve the ability of scientists to securely access and share their data, both within their organisations and with collaborators and the wider community."

GeneAdviser

About GeneAdviser: With 6,000+ rare diseases already identified, it's estimated that 1 in 17 people will be affected. Genetic testing can help, but it currently takes on average 6 years for patients to be diagnosed.

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As a social enterprise their mission is to make genetic testing more accessible for patients with rare diseases.

GeneAdviser is an online marketplace for genetic testing making it easy for doctors to find and order tests online from accredited laboratories. The GeneAdviser catalogue covers a wide range of tests, easily searchable, with information to guide clinicians in choosing the right tests.

CEO/Managing Director Dr Jelena Aleksic, who was recently nominated as one of BioBeat's Rising Star's in Bio Business said "This is a huge growth area and we are passionate about leading the way in genetic testing. Being ethical – doing things the right way – is really important in this field. Selling the tests that are relevant and will really benefit the patient, not overselling, or claiming more than you can provide is essential. GeneAdviser found working with Social Incubator East enormously valuable. It helped to ensure that our business model was rigorous in its processes, and ensured that the best interests of patients are served".

Social finance

£38 million was raised through our Retail Charity Bond platform

Allia launched Retail Charity Bonds in 2014 with Canaccord Genuity, to help charities grow, by providing them with access to a new source of affordable, unsecured loan finance from bonds listed on the London Stock Exchange.

In the first 9 months the platform has raised £38million for two charitable organisations. The first was Golden Lane Housing in July 2014 whose first annual impact report is available from the Retail Charity Bonds website at www.retailcharitybonds.co.uk. Hightown Housing Association went to the market in March 2015 and raised £27million in 10 days to enable them to build affordable, high quality homes for people with support needs and for those who cannot afford to rent or buy at market rate.

David Bogle, Chief Executive of Hightown Housing Association said "We were delighted the bond issue was so successful. Affordable homes are in very high demand in our area and it will help us fund the work we do in providing high quality homes to homeless people and those who cannot afford to rent or buy at market rates."

A year after the launch of their Retail Charity Bond, Golden Lane Housing had 24 houses and bungalows purchased or in conveyancing, with a strong pipeline of properties on which the remaining finance would be spent. Within the first year, nearly 90 people either moved or were planning to move into much needed housing that had been purchased and specially adapted with the bond funding to meet their current and future care and support needs. Alastair Graham, director of Golden Lane Housing, said "A new home means so much to people with a learning disability and their loved ones. Vicky's story demonstrates the impact and life changing experience that investment in new housing can make to the life and family of people with a learning disability. In total the Retail Charity Bond finance will enable us to provide housing for 120 people in 30 properties across the country. This is creating a lasting legacy for people with a learning disability."

Vicky's story

Golden Lane Housing used Retail Charity Bonds capital to buy and adapt a bungalow, supported by Mencap, for Steven and June's daughter Vicky.

"If Vicky always lived with us she would have a tiny life and it would get harder as we got older. Vicky is now happy, settled and safe and has got a secured future. We hope the move to this bungalow will be her forever home."

Vicky, Steven and June Ellis

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Over the last year we have been building awareness of this new platform amongst the charitable sector and are seeing an increasing interest in the opportunity it presents for large charities to increase their impact and reach.

Scottish Government commits £25million for investment in Allia charitable bonds

In August 2015, after a full public procurement exercise, the Scottish Government awarded a charitable bond programme delivery contract to Allia, to offer charitable bonds through 2017 providing medium-term loans for registered social landlords, including £25million in 2015/16.

Following successful investments in Allia bonds of £10million in 2014 and £2million in 2015, the Scottish Government launched a full investment programme to finance the construction of affordable housing units in Scotland.

Scottish Government Housing Minister Margaret Burgess said: "The Scottish Government has been adapting to changes in our funding for several years now, and we've responded creatively, making innovative use of loans, guarantees, and other financial mechanisms to squeeze the greatest value from our budgets and supporting our priority to make Scotland a fairer country"

Allia's East London and Tomorrow's People bonds matured; two charities share what these enabled them to achieve

Five years passes in an instant and so it was that in July 2015 we found ourselves celebrating with investors and charities the redemption of Allia's second East London Bond which we issued in 2010.

Supporting Allia all of the way was City Bridge Trust and we were humbled to hear how the two beneficiary charities Bromley By Bow Centre and Community Links had been able to make a difference to people in some of the most deprived areas of East London during a time of austerity and reductions in finances for the charity sector. Amongst the audience were investors in the bond including the Worshipful Company of International Bankers.

Geraldine Blake Chief Executive of Community Links in thanking all the investors said:

"You are innovators, you were bold and you were prepared to think differently. Over a time of great change and austerity you have enabled us to continue to do great work locally. Unrestricted funds are hugely important to all charities and this funding has enabled us to help people now but also lay down tracks and a direction for our future plans."

Bromley By Bow Centre was the other charity to benefit from the East London Bond. Rob Trimble Chief Executive said:

"I want to say a heartfelt thank you on behalf of all our clients and customers at Bromley By Bow, to all the investors and people connected with the East London Bond. With your help we have been able to carry on doing the important things we do every day and at the same time been able to innovate and shape a range of much needed new services including our Beyond Business social enterprise incubation programme and our thriving employment service."

FINANCIAL REVIEW

Income

Future Business Centre Cambridge is now reaping the benefit of increased revenue as a result of the near 100% occupancy achieved in the final months of the year; property income at £710,000 was only slightly below budget. The income for Social Finance was also slightly below budget, however the pipeline of prospects for bond issues has been

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steadily growing over the year; increased activity is translating into increasing awareness and more prospects for this new area.

Expenditure

To meet the demands of a nearly full Future Business Centre in Cambridge and a new centre in Peterborough, we have made significant investment in our central support teams including HR, Marketing and Operational Support and in the infrastructure and processes necessary to ensure we continue to deliver a great service as we expand.

Other investments to support our 5 year growth include expenditure to develop the Retail Charity Bonds plc platform, the opening of a new Future Business Centre in Peterborough and costs to bring Social Incubator East to fruition.

In particular, we have spent some £400,000 over the last few years on establishing the Retail Charity Bonds plc platform; these costs have not been capitalised. The platform is now beginning to generate ongoing income for the Society, as well as providing a mechanism for supporting the financial growth of the charities we support.

Reserves

The results for the year reflect the use of some of our balance sheet reserves to support the Society's growth, both one-off costs and the ongoing costs of our operations during the set up and initial growth phases. As a result, the Society is well positioned to remain financially sustainable and to achieve its charitable objectives in the long term.

A reserves policy and investment policy are being prepared by the Directors.

The activities of the subsidiary companies

Allia Limited has 2 active subsidiary companies. Allia Bond Services Limited was incorporated on 14 March 2014. Its income for the period ended 31 August 2015 was £114,000 and its expenditure was £184,000, resulting in a loss of £70,000. Future Business Enterprise Agency Limited had income for the year ended 31 August 2015 of £16,000 and expenditure of £23,000 resulting in a loss of £7,000.

PLANS FOR THE FUTURE

Our 5 year plans and forecasts build on the investments we have made and the successes we have had in supporting people and organisations who create social impact. We will also continue to conceive and deliver resilient new ventures that will tackle some of society's most pressing problems.

Workspace and enterprise solutions

Future Business Centres – sustainability and growth

We want to ensure the financial sustainability of our Future Business Centres in Cambridge and Peterborough and our Cambridge City centre in Norfolk Street through a focus on rental income and incremental income from services such as conference room hire, virtual offices and co-working spaces.

We will also be appraising and considering new opportunities to expand the network of Future Business Centres into other locations through a variety of different business models.

Developing and expanding our support for social ventures

We will be building on the success of our ERDF and Social Incubator East programmes by extending the support we offer individuals and ventures looking to make a social impact,

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for the Year Ended 31 August 2015

at every stage of their entrepreneurial journey including:

- Inspiration;
- Ideation;
- Acceleration; and
- Incubation.

Funding for growth

We will be identifying and applying for external sources of funding to assist with the delivery of our plans through:

- Further ERDF and/or ESF funding;
- Corporate sponsorship; and
- Partnership models of delivery.

Social finance

Growing awareness and use of our Retail Charity Bonds platform

Over the next 5 years our ambition is to support the growth of more charities by raising loan finance through listed retail-eligible bonds. Our aim is to issue not less than £0.5bn within 5 years. We will also be pressing government to lower the threshold so that charities can raise amounts of £5m+ making the platform accessible and affordable to more charitable organisations.

Innovating in the development of social investment infrastructure

We will be looking at new ways to encourage and stimulate the opportunity for positive investing amongst individual and institutional investors.

Supporting charitable projects through the growth of charitable bonds

We will be seeking opportunities to raise grant funding for charitable projects through the issue of charitable bonds.

Social Innovation and Development

Site development

Pursuing the development of the Papworth site and the Future Business Centre Cambridge site for the benefit of Allia and for the wider social impact that can be unlocked.

Expanding the number of Future Business Centres in new locations

Developing further Future Business Centre sites including East London and considering and appraising new opportunities for sites in other locations.

Contributing to solving some of society's pressing problems

Making a meaningful contribution to tackling the crisis of the shortage of affordable housing and provision of care and liveability for the ageing population by creating opportunities for Allia to make best use of its skills in these areas.

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Report of the Directors
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STRUCTURE, GOVERNANCE AND MANAGEMENT

Allia is an Industrial and Provident Society (no. 28861R) registered under the Cooperative and Community Benefit Societies Act 2014 for the benefit of the community. As such, surpluses are not distributed among members or external shareholders, but are instead reinvested in the delivery of Allia's charitable objects.

Allia is governed by trustee directors, appointed by its members, and submits annual accounts to the Financial Conduct Authority. Allia has exclusively charitable objects that are for the public benefit and is recognised by HM Revenue and Customs as a charity (no. XR29468).

As such, Allia is permitted to offer and issue certain bonds to the public in the United Kingdom based on the exemption under the Financial Services and Markets Act (section 85(5) and Schedule 11A).

Recruitment of new Directors is undertaken using Allia's standard recruitment process or, exceptionally, by personal introduction. All potential Directors are interviewed by a panel of existing Directors and successful candidates receive induction training.

The Directors have delegated day-to-day management of the Society to the Chief Executive and through him to the senior management team. Except with reference to their contracts of employment, no member of staff had any beneficial interest in any contract with Allia during the year.

Risks and uncertainties

A Risk Register is maintained which records for each area of operation the associated risks. These risks are then assessed for both their likelihood and impact and counter measures are determined accordingly. The Chief Executive presents the Risk Register annually to the Board for their approval.

Furthermore, specific expert advice has been obtained on the documentation for the offer of charitable bonds and this has now been standardised. Any changes in these documents from one round to the next are likely to be limited to changes in dates and rates offered to investors. The Directors take steps to ensure that Offer documents are based on previous issues and that for each subsequent issue there have been no material changes that might require additional legal advice.

LEGAL FRAMEWORK AND STATEMENT OF DIRECTORS' RESPONSIBILITIES

We are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The Cooperative and Community Benefit Societies Act 2014 requires us to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Society and the group and of the incoming resources and their application, including the income and expenditure for that period.

In preparing the attached financial statements we are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and estimates that are reasonable and prudent;

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Report of the Directors
for the Year Ended 31 August 2015

- 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 charitable company will continue in operation.

In addition, we are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Society. We are also responsible for safeguarding the assets of the Society and hence for taking reasonable steps to prevent and detect fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as we are aware, there is no relevant audit information of which the Society's auditor is unaware, and we have taken all steps that we ought to have taken to make ourselves aware of any relevant audit information and to establish that the auditors are aware of that information.

SIGNED ON BEHALF OF THE DIRECTORS

R Gidoomal – CHAIRMAN OF DIRECTORS

11 February 2016

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Report of the Directors
for the Year Ended 31 August 2015

REFERENCE AND ADMINISTRATIVE DETAILS

DIRECTORS:	R Gidoomal (Chairman) C Rosenmeyer S Mather (Places for People Neighbourhoods Nominee Director) P Doye (resigned 3 November 2015) R Trimble P Wright
SECRETARY:	T Jones
SENIOR MANAGEMENT	T Jones (Chief Executive) M Clark (Deputy CEO and Director of Development) P Caroe (Director of Social Finance) C Hyde (Director of Workspace & Enterprise Solutions)
REGISTERED OFFICE:	Future Business Centre King's Hedges Road Cambridge CB4 2HY
REGISTERED NUMBER:	IP28861R
AUDITORS:	Peters Elworthy & Moore Chartered Accountants and Statutory Auditors Salisbury House Station Road Cambridge CB1 2LA
PRINCIPAL BANKERS:	The Co-operative Bank 75 Burleigh Street Cambridge CB1 1DF
SOLICITORS	Wrigleys 19 Cookridge Street Leeds LS2 3AG

Independent Auditor's Report to the members of Allia Limited

We have audited the financial statements of Allia Limited for the year ended 31 August 2015 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Parent Society Balance Sheets, the Consolidated Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the society's members, as a body, in accordance with Section 87 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Society'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 Society and the Society's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND AUDITORS

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of financial statements which give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Society's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report of the Directors to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the Group and Society's affairs as at 31 August 2015 and of its incoming resources and application of resources, including its income and expenditure for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and with the Co-operative and Community Benefit Societies Act 2014.

**Independent Auditor's Report to the members of
Allia Limited**

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Co-operative and Community Benefit Societies Act 2014 requires us to report to you if, in our opinion:

- proper books of account have not been kept by the society in accordance with the requirements of the legislation;
- a satisfactory system of control over transactions has not been maintained by the society in accordance with the requirements of the legislation;
- the revenue account or the other accounts (if any) to which our report relates, and the balance sheet are not in agreement with the books of account of the society; or
- we have not obtained all the information and explanations necessary for the purposes of our audit.

PETERS ELWORTHY & MOORE

Chartered Accountants and Statutory Auditors

Salisbury House
Station Road
Cambridge
CB1 2LA

Date: 12 February, 2016

Allia Limited
Consolidated Statement of Financial Activities
for the year ended 31 August 2015

	Notes	Unrestricted Funds £'000	Restricted Funds £'000	Total 2015 £'000	Total 2014 £'000
<i>Income</i>					
Income earned from charitable activities					
Bond interest receivable	1	614	-	614	472
Other social finance income		101	-	101	131
Property income		710	-	710	370
Grant income		15	249	264	1,113
Other income		1	11	12	3
Incoming resources from generated funds					
Interest receivable	6	-	-	6	2
Other incoming resources					
Gain on property disposal		-	-	-	1,570
Total incoming resources		<u>1,447</u>	<u>260</u>	<u>1,707</u>	<u>3,661</u>
<i>Expenditure</i>					
Expenditure on charitable activities					
		2,082	449	2,531	2,968
Governance costs		<u>29</u>	<u>-</u>	<u>29</u>	<u>32</u>
Total resources expended	2	<u>2,111</u>	<u>449</u>	<u>2,560</u>	<u>3,000</u>
Net (outgoing) / incoming resources before transfers					
Transfers between funds		(664)	(189)	(853)	661
		(30)	30	-	-
Net movement in funds for the year		<u>(694)</u>	<u>(159)</u>	<u>(853)</u>	<u>661</u>
Total funds brought forward		<u>2,776</u>	<u>222</u>	<u>2,998</u>	<u>2,337</u>
Total funds carried forward	15	<u>2,082</u>	<u>63</u>	<u>2,145</u>	<u>2,998</u>

All of the above results are derived from continuing activities. All gains and losses recognised in the year are included above.

The notes on pages 18 to 30 form part of these financial statements.

Allia Limited
Industrial and Provident Society (Registration number 28861R)
Consolidated and Society Balance Sheet
as at 31 August 2015

	Notes	Group 2015 £'000	Restated Group 2014 £'000	Society 2015 £'000	Restated Society 2014 £'000
Fixed assets					
Tangible Assets	6	8,039	8,032	8,039	8,032
Programme related investments	7	<u>16,063</u>	<u>15,757</u>	<u>16,063</u>	<u>15,757</u>
Total Fixed Assets		<u>24,102</u>	<u>23,789</u>	<u>24,102</u>	<u>23,789</u>
Current assets					
Debtors	10	992	1,163	1,047	1,169
Programme related investments	7	1,795	820	1,795	820
Current asset investments		463	1,700	463	1,700
Cash at bank and in hand		<u>632</u>	<u>297</u>	<u>613</u>	<u>283</u>
		<u>3,882</u>	<u>3,980</u>	<u>3,918</u>	<u>3,972</u>
Creditors					
Amounts falling due within one year	11	<u>(2,557)</u>	<u>(1,418)</u>	<u>(2,516)</u>	<u>(1,394)</u>
Net current assets / (liabilities)		<u>1,325</u>	<u>2,562</u>	<u>1,402</u>	<u>2,578</u>
Total assets less current liabilities		25,427	26,351	25,504	26,367
Creditors					
Amounts falling due after one year	12	(20,263)	(19,957)	(20,263)	(19,957)
Deferred income	13	(2,867)	(3,244)	(2,867)	(3,244)
Net assets		<u>2,297</u>	<u>3,150</u>	<u>2,374</u>	<u>3,166</u>
Share Capital	14	152	152	152	152
Unrestricted funds					
General funds	15	<u>2,082</u>	<u>2,776</u>	<u>2,159</u>	<u>2,792</u>
		<u>2,234</u>	<u>2,928</u>	<u>2,311</u>	<u>2,944</u>
Restricted Funds	15	<u>63</u>	<u>222</u>	<u>63</u>	<u>222</u>
Total		<u>2,297</u>	<u>3,150</u>	<u>2,374</u>	<u>3,166</u>

The financial statements were approved by the Board of Directors on 11 February 2016 and were signed on its behalf by:

R Gidoomal - CHAIRMAN OF DIRECTORS

The financial statements were also signed by the Secretary:

T Jones - SECRETARY

The notes on pages 18 to 30 form part of these financial statements.

Allia Limited
Consolidated Cash Flow Statement
for the year ended 31 August 2015

	Notes	2015 £'000	2014 £'000
Net cash used in operating activities	20	<u>(557)</u>	<u>(3,294)</u>
Cash flows from investing activities			
Proceeds from disposal of property		-	3,510
Purchase of fixed assets		(219)	(1,157)
Loan to associated company		-	(25)
Cash withdrawn from deposit / (placed on deposit)		1,237	(1,700)
New share capital		-	6
Net cash provided by investing activities		<u>1,018</u>	<u>634</u>
Cash flows from financing activities			
Issue of FBC bond		-	4,200
Interest paid		(126)	(105)
Net cash (used in) / provided by financing activities		<u>(126)</u>	<u>4,095</u>
Change in cash in the year		335	1,435
Net cash resources at 1 September		<u>297</u>	<u>(1,138)</u>
Net cash resources at 31 August	21	<u>632</u>	<u>297</u>

The notes on pages 18 to 30 form part of these financial statements.

Allia Limited
Notes to the Financial Statements
for the year ended 31 August 2015

1. BOND INTEREST RECEIVABLE

	2015 £'000	2014 £'000
Bond interest (received under guaranteed investment)		
Tomorrow's People bond	4	8
East London bond	19	20
Charitable bond Issue 1	74	71
Cambridge Bond	191	184
Charitable bond Issue 2	23	22
Charitable bond Issue 3	4	4
Charitable bond Issue 4	284	163
Charitable bond Issue 5	15	-
	614	472

2. RESOURCES EXPENDED ON CHARITABLE ACTIVITIES

	Workspace and			Total 2015 £'000	Total 2014 £'000
	Social finance £'000	Enterprise Solutions £'000	Advice and development £'000		
Costs allocated directly:					
Bond interest expense	614	126	-	740	577
Staff costs	89	378	52	519	445
Finance costs	-	-	-	-	530
Professional fees	108	125	27	260	189
Premises costs	-	336	-	336	-
Other costs	94	201	22	317	981
	905	1,166	101	2,172	2,722
Allocation of support costs:					
Staff costs	116	157	2	275	121
Governance	12	17	-	29	32
Other costs	35	48	1	84	125
	163	222	3	388	278
	1,068	1,388	104	2,560	3,000

The Society incurred support costs of £388,000 (2014: £279,000), which have been allocated pro-rata to income.

The net deficit for the group (2014: surplus) is stated after charging:

	2015 £'000	2014 £'000
Depreciation – owned assets	212	154
Operating leases – rent	59	51
Auditor's fees:		
Audit remuneration		
• Society	7	6
• Subsidiaries	3	-
Other fees	1	-

Allia Limited
Notes to the Financial Statements
for the year ended 31 August 2015

3. TAXATION

The Society is registered with HMRC as a charity and no liability for corporation tax has arisen on its activities.

The Society's trading subsidiaries donate any taxable surplus to the Society and therefore no liability for corporation tax arises.

4. BOND INTEREST PAYABLE

	2015 £'000	2014 £'000
Bond interest		
Tomorrow's People bond	4	8
East London bond	19	20
Charitable bond Issue 1	74	71
Cambridge Bond	191	184
Charitable bond Issue 2	23	22
Charitable bond Issue 3	4	4
Charitable bond Issue 4	284	163
Charitable bond Issue 5	15	-
	<u>614</u>	<u>472</u>
FBC bond	126	105
	<u>740</u>	<u>577</u>

5. STAFF COSTS

Staff costs include:	2015 £'000	2014 £'000
Wages and salaries	591	429
Social security	55	38
Pensions	57	39
	<u>703</u>	<u>506</u>

The average number of employees including part-time staff, analysed by function was:

	FTE 2015	Total Staff 2015	FTE 2014	Total Staff 2014
Charitable activities				
Social finance	1.3	1.3	1.2	1.2
Property and workspace	8.2	11.8	7.0	11.5
Development	1.0	1.0	1.0	1.0
	<u>10.5</u>	<u>14.1</u>	<u>9.2</u>	<u>13.7</u>
Support activities				
Finance	1.2	1.6	0.7	1.5
Operations	1.8	3.0	0.9	1.1
Marketing	1.7	2.0	0.7	1.0
Executive	0.6	1.6	0.6	1.6
	<u>5.3</u>	<u>8.2</u>	<u>2.9</u>	<u>5.2</u>
Total	<u>15.8</u>	<u>22.3</u>	<u>12.1</u>	<u>18.9</u>

Allia Limited
Notes to the Financial Statements
for the year ended 31 August 2015

5. STAFF COSTS (continued)

In 2015 one employee received emoluments (including taxable benefits in kind but not employer's pension contributions) that exceeded £60,000 as follows:

- between £60,001 and £70,000 – one employee (2014: one)

6. TANGIBLE FIXED ASSETS

Group and Society	Freehold property £'000	Works of Art £'000	Fixtures, fittings and equipment £'000	Total £'000
COST OR VALUATION				
At 1 September 2014	7,849	-	374	8,223
Additions	52	61	106	219
At 31 August 2015	<u>7,901</u>	<u>61</u>	<u>480</u>	<u>8,442</u>
DEPRECIATION:				
At 1 September 2014	98	-	93	191
Charge for the year	127	-	85	212
At 31 August 2015	<u>225</u>	<u>-</u>	<u>178</u>	<u>403</u>
NET BOOK VALUE				
At 31 August 2015	<u>7,676</u>	<u>61</u>	<u>302</u>	<u>8,039</u>
At 31 August 2014	<u>7,751</u>	<u>-</u>	<u>281</u>	<u>8,032</u>

At 31 August, 2015 none of the fixed assets had been revalued.

7. PROGRAMME RELATED INVESTMENTS

	Group Restated	Society Restated		
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
<i>Assets due within one year</i>				
Investment in charitable bonds	<u>1,795</u>	<u>820</u>	<u>1,795</u>	<u>820</u>
	<u>1,795</u>	<u>820</u>	<u>1,795</u>	<u>820</u>
<i>Assets due in more than one year</i>				
Investment in charitable bonds	16,063	15,757	16,063	15,757
Subsidiaries (see note 9)	-	-	-	-
	<u>16,063</u>	<u>15,757</u>	<u>16,063</u>	<u>15,757</u>

An analysis of the charitable bonds is shown on the following page.

Allia Limited
Notes to the Financial Statements
for the year ended 31 August 2015

7. PROGRAMME RELATED INVESTMENTS (continued)

	Tomorrow's People Bond	East London Bond	Charitable Bond Issue 1	Cambridge Bond	Charitable Bond Issue 2	Charitable Bond Issue 3	Charitable Bond Issue 4	Charitable Bond Issue 5	TOTAL
Cost or valuation									
At 1 September 2014	181	528	1,517	3,906	562	113	8,575	-	15,382
Additions	-	-	-	-	-	-	-	1,510	1,510
Repayments	(181)	(528)	-	-	-	-	-	-	(709)
At 31 August 2015	-	-	1,517	3,906	562	113	8,575	1,510	16,183
Accrued interest									
At 1 September 2014	33	78	204	653	56	8	163	-	1,195
Repayments	(37)	(97)	-	-	-	-	-	-	(134)
Charge for the year	4	19	74	191	23	4	284	15	614
At 31 August 2015	-	-	278	844	79	12	447	15	1,675
Net Book Value									
At 31 August 2014	214	606	1,721	4,559	618	121	8,738	-	16,577
At 31 August 2015	-	-	1,795	4,750	641	125	9,022	1,525	17,858
Issue date	10/3/2010	2/9/2010	25/8/2011	12/6/2010	20/1/2012	3/10/2012	30/1/2014	21/4/2015	
Maturity date	10/3/2015	29/7/2015	25/8/2016	6/12/2016	20/1/2017	3/10/2017	30/1/2019	21/4/25	
Loan amount	£180,783	£528,188	£1,517,129	£3,906,283	£562,161	£112,975	£8,574,657	£1,510,386	
Amount repayable	£219,000	£625,000	£1,871,700	£5,000,000	£676,425	£133,790	£10,061,000	£20,020,000	
Guarantor	Co-operative Bank plc	Co-operative Bank plc	Co-operative Bank plc	Co-operative Bank plc	Co-operative Bank plc	Co-operative Bank plc	Co-operative Bank plc	Co-operative Bank plc	

By the Trust Deeds, the investments are not subject to the limitations of the Trustees Investment Act.

Allia Limited
Notes to the Financial Statements
for the year ended 31 August 2015

8. RESTATEMENT OF COMPARATIVE FIGURES

Bond assets and bond holder liabilities have been disclosed between those due in less than and more than one year. In last year's accounts they were shown in fixed assets and long term liabilities, even when approaching maturity. As a result of this change in presentation for this year's balances, the prior year comparative figures have been restated accordingly. This restatement has affected the figures in notes 7, 11 and 12, as well as on the face of the balance sheet.

9. INVESTMENT IN SUBSIDIARIES

The Future Business Enterprise Agency Limited (incorporated in England and Wales) is a company limited by guarantee and therefore there are no shares in issue. However, the company is controlled by Allia Limited by virtue of the fact that Allia Limited is the sole member of the company.

Allia Bond Services Limited (incorporated in England and Wales) was incorporated on 12 May 2014 and commenced trading shortly after. It was set up to provide origination and administration services for charitable bonds, particularly listed bonds. Allia Limited holds 100% of the shares.

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

	Principal activity	Capital and reserves	Profit / (loss) for the year
		2015 £'000	2015 £'000
Future Business Enterprise Agency Limited	Supporting the creation of sustainable new enterprise	(7)	(7)
Allia Bond Services Limited	Provision of origination and administration services	(52)	(39)
		(59)	(46)

10. DEBTORS

	Group		Society	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Trade debtors	62	71	58	59
Prepayments and accrued income	19	399	19	398
VAT debtor	331	693	331	693
Other debtors	580	-	578	-
Amounts owed by subsidiaries	-	-	61	19
	992	1,163	1,047	1,169

Allia Limited
Notes to the Financial Statements
for the year ended 31 August 2015

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Society	
	Restated		Restated	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Trade creditors	135	89	128	88
Other creditors	407	265	389	260
FBC bond interest	105	105	105	105
Social security and other taxes	19	19	19	21
Accrued expenses	96	120	74	100
Original liability to bondholders	1,517	709	1,517	709
Finance costs accrued on bonds	278	111	278	111
Amounts owed to subsidiaries	-	-	6	-
	2,557	1,418	2,516	1,394

The Society has an obligation to repay the bondholders on the following date, as shown. The obligations of the Society to the bondholders have been secured over a charge over the guaranteed investment (see note 7).

For this bond, interest income accruing is being recognised on a compounded basis over the investment period.

Bond Name	Repayment amount £	Repayment date
Charitable Bond Issue 1	1,871,700	25/8/2016

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

	Group		Society	
	Restated		Restated	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Original liability to bondholders	14,666	14,673	14,666	14,673
Finance costs accrued on bonds	1,397	1,084	1,397	1,084
Future Business Centre bond	4,200	4,200	4,200	4,200
	20,263	19,957	20,263	19,957

Allia Limited
Notes to the Financial Statements
for the year ended 31 August 2015

**12. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR
(continued)**

The Future Business Centre bonds were issued by Allia to raise funds towards the cost of the Future Business Centre in Cambridge and the obligation to the bondholders has been secured over the Future Business Centre. The bonds were issued on 21 November 2013. They mature on the 5th anniversary, but investors have the option to redeem their bonds in whole or part on either the 3rd or 4th anniversary. Interest is due at a rate of 3% per annum and is payable annually on the anniversary of the issue.

For all other bonds, the Society has an obligation to repay the bondholders on the following dates, as shown. In each case the obligations of the Society to the bondholders have been secured over a charge over the guaranteed investments (see note 7).

For these bonds, interest income accruing is being recognised on a compounded basis over the investment period.

Bond Name	Repayment amount £	Repayment date
Cambridge Bond	5,000,000	6/12/2016
Charitable Bond Issue 2	676,425	20/1/2017
Charitable Bond Issue 3	133,790	3/10/2017
Charitable Bond Issue 4	10,061,600	31/1/2019
Charitable Bond Issue 5	20,020,000	21/4/2025

Bonds maturing in less than one year are shown in current liabilities.

13. DEFERRED INCOME

	Group		Society	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Amount brought forward	3,244	1,806	3,244	1,806
Reduction of past claims	(457)	-	(457)	-
Received and deferred in the year	80	1,438	80	1,438
Amount carried forward	<u>2,867</u>	<u>3,244</u>	<u>2,867</u>	<u>3,244</u>

The deferred income relates to performance related grants received from ERDF for the construction of the Future Business Centre.

Allia Limited
Notes to the Financial Statements
for the year ended 31 August 2015

14. SHARE CAPITAL

	2015 £'000	2014 £'000
Allotted, called up and fully paid	<u>152</u>	<u>152</u>

Members must hold a minimum of 10 shares and the Directors may allot additional shares upon application.

During the year no £1 Ordinary shares were issued.

15. STATEMENT OF FUNDS

	At 1 September 2014 £'000	Income £'000	Expenditure £'000	Fund Transfers £'000	At 31 August 2015 £'000
Unrestricted funds					
Society general funds	2,792	1,351	(2,000)	16	2,159
Allia Bond Services	(16)	81	(89)	(46)	(70)
FBEA	-	15	(22)	-	(7)
	<u>2,776</u>	<u>1,447</u>	<u>(2,111)</u>	<u>(30)</u>	<u>2,082</u>
Restricted funds					
Social Incubator East	222	11	(200)	30	63
Future Business Centre	-	249	(249)	-	-
	<u>222</u>	<u>260</u>	<u>(449)</u>	<u>30</u>	<u>63</u>
Total funds	<u>2,998</u>	<u>1,707</u>	<u>(2,560)</u>	<u>-</u>	<u>2,145</u>
Share capital	<u>152</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>152</u>
Total	<u>3,150</u>	<u>1,707</u>	<u>(2,560)</u>	<u>-</u>	<u>2,297</u>

The Social Incubator East fund represents amounts received to run the Cabinet Office programme to help businesses that create social change by providing business support, loans and workspace to ambitious entrepreneurs to fulfil their potential, grow their businesses and make the world a better place. The majority of the expenditure for this project will be made by third party partners, with the project managed by Allia.

The Future Business Centre fund represents the amount of grant income received from the European Regional Development Fund which contributed to the cost and running expenses of the Future Business Centre.

Allia Limited
Notes to the Financial Statements
for the year ended 31 August 2015

15. STATEMENT OF FUNDS (continued)

Fund balances at 31 August 2015 are represented as follows:

	General funds £'000	General funds: Bonds £'000	Restricted Funds £'000	Total Funds £'000
Fixed assets	8,039	16,063	-	24,102
Current assets	1,984	1,795	103	3,882
Creditors within one year	(722)	(1,795)	(40)	(2,557)
Creditors after one year	(4,200)	(16,063)	-	(20,263)
Deferred income	(2,867)	-	-	(2,867)
Total net assets	2,234	-	63	2,297

Although bond assets and liabilities are part of general funds, they are shown separately from other general fund items to reflect the Society's obligation to repay the bondholders from the bond assets.

16. OPERATING LEASE COMMITMENTS

At 31 August 2015 the Society was committed to making the following payments under non-cancellable operating leases for land and buildings in the year to 31 August 2016:

	2015 £'000	2014 £'000
Operating leases which expire in more than 5 years	99	50

17. PENSION COMMITMENTS

The Society operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Society in an independently administered fund.

The pension cost charge represents contributions payable by the Society to the fund. Contributions totalling £1,250 (2014: £10,915) were payable to the fund at the year end and are included in creditors.

The amount charged for the year in respect of pension contributions is £57,360 (2014: £38,874).

Allia Limited
Notes to the Financial Statements
for the year ended 31 August 2015

18. TRUSTEE REMUNERATION AND RELATED PARTY TRANSACTIONS

The Society is controlled by the Directors. The Chairman was paid emoluments of £12,000 during the year. No other Director was remunerated during the year.

The Society has taken advantage of the exemptions under FRS8 which does not require disclosure of transactions entered into between two or more members of a group, provided that any subsidiary undertaking which is a party to the transaction is wholly owned by a member of that group.

In 2014, the Society made a working capital advance of £25,000 to Retail Charity Bonds plc, an associated company. During the year ended 31 August, 2015 it paid invoices on behalf of Retail Charity Bonds plc of £16,000 and was charged a service fee of £59,000, resulting in a balance outstanding at 31 August 2015 of £18,000.

19. LEGAL STATUS OF THE SOCIETY

The Society is an Industrial and Provident Society and has issued share capital.

20. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2015 £'000	2014 £'000
Net movement in funds (as per statement of financial activities)	(853)	661
Adjustments for:		
Charges for depreciation	212	154
Gain on disposal of property	-	(1,570)
Decrease / (increase) in debtors	171	(1,024)
Decrease in creditors	(213)	(1,620)
Interest charged on FBC bond	126	105
Third party monies received	2,353	8,575
Third party monies paid	(2,353)	(8,575)
Net cash used in operating activities	<u>(557)</u>	<u>(3,294)</u>

21. ANALYSIS OF CHANGES IN NET DEBT

	At 1 September 2014 £'000	Cash flow £'000	Other non-cash £'000	At 31 August 2015 £'000
Cash at bank and in hand	297	335	-	632
Net cash	<u>297</u>	<u>335</u>	<u>-</u>	<u>632</u>

Allia Limited
Notes to the Financial Statements
for the year ended 31 August 2015

22. ACCOUNTING POLICIES

Basis of preparation

The financial statements are prepared under the historical cost convention, as modified by the revaluation of certain assets. As the Society is an exempt charity, the Directors have decided to prepare the accounts in accordance with the Statement of Recommended Practice - Accounting and Reporting by Charities (SORP 2005) and the additional disclosures as would be required under the Companies Act 2006.

There are no material uncertainties concerning the Society's ability to continue its activities. The principles adopted in the preparation of the financial statements are set out below.

Group financial statements

These financial statements consolidate the results of the Society and its trading subsidiaries, Allia Bond Services Limited and Future Business Enterprise Agency Limited.

No separate Statement of Financial Activities has been presented for the Society alone, as permitted by the Charities SORP. The Society's deficit for the financial year was £776,000 (2014: surplus of £661,000).

Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Directors in furtherance of the general objectives of the Society and which have not been designated for other purposes.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the Society for particular purposes.

Incoming resources

Income is recognised in the period in which the Society is entitled to receipt and the amount can be measured with reasonable certainty. Income is deferred only when the Society has to fulfil conditions before becoming entitled to it or where the donor has specified that the income is to be expended in a future period.

Income from charitable activities includes bond interest, other social finance income, grant income property income and other income. Bond interest, property income and other income are recognised on a receivable basis.

Other social finance income comprises the arrangement fees for bonds raised and the income is recognised upon completion of the contracts.

Income from performance related grants and contracts is recognised in the period to the extent that the society has met the performance criteria, and there is therefore certainty of receipt, entitlement and the amount can be measured with sufficient reliability. Any remaining balance is included within deferred income.

Allia Limited
Notes to the Financial Statements
for the year ended 31 August 2015

Incoming resources (continued)

Voluntary income including donations, gifts and grants of a general nature are recognised where there is entitlement, certainty of receipt and the amount can be measured with sufficient reliability.

Resources expended

Expenditure is recognised on an accruals basis as incurred. Expenditure includes irrecoverable VAT, which is reported as part of the expenditure to which it relates. All costs are allocated among the expenditure categories of the SOFA on a basis designed to reflect the use of the resource.

Leases

Rental costs incurred under operating leases are charged to the SOFA as incurred.

Pension costs

The group contributes to a number of defined contribution pension schemes. Pension contributions payable for the year to the various pension schemes are charged to the SOFA.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is not charged on freehold land. Depreciation on other assets is provided at rates calculated to write off the cost or valuation less estimated residual value of each asset over its expected useful life, as follows:

Freehold buildings	2% on cost or revalued amount
Leasehold land and buildings	Written down over the length of the lease
Property improvements	20% straight line basis or over the length of the lease
Works of Art	Not depreciated
Computer equipment	33.3% straight line basis
Fixtures, fittings & equipment	20% straight line basis

Programme related investments

Programme related investments are made for charitable purposes and comprise charitable bonds and other instruments

Charitable bonds

Charitable bonds are 5-year social investment instruments that enable investors to release a donation of upfront interest to charity. Investment in the bond funds loans to A1 rated social housing providers. The repayment of the loan with interest enables Allia to repay the bonds owing to bondholders.

Allia Limited
Notes to the Financial Statements
for the year ended 31 August 2015

Programme related investments (continued)

The bonds are limited recourse to the loan, meaning that Allia is only liable to repay the bonds to the extent that it has received repayments under the loan - the general assets of Allia are not available to make payments to bondholders.

Fixed asset investments in charitable bonds are stated at market value at the balance sheet date, with the related liabilities to bondholders being shown in creditors. Further information is given in notes 7, 11 and 12.

Other investments

Other investments are stated at cost less any provisions made.