

# **ALLIA LTD**

## **Report of the Directors and Financial Statements**

for the Year Ended 31 August 2016

**ALLIA LIMITED**

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for the Year Ended 31 August 2016**

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**Allia Limited**  
**Chief Executive's Statement**  
**for the Year Ended 31 August 2016**

This financial year has seen solid progress and growth for Allia. Our overall income has increased by 66% over the previous year. In part this is because we have filled our Future Business Centre in Cambridge and our newer Future Business Centre in Peterborough reached 89% occupancy by the year end. Another highlight is the success of the Housing Bond programme with the Scottish Government for which we issued £21m of loans for affordable housing – with a further £30m of bonds to be issued during 2016/2017. Our retail charity bonds platform raised £20m of retail bonds for the Charities Aid Foundation, one of the best known names in the charity sector, in only one week, showing the growing appetite for positive impact investment opportunities. We now have a strong pipeline of other charitable organisations looking to raise money through the platform in 2016/2017.

Our plans to open Future Business Centres in new locations, moved a step closer when we presented our case for a Future Business Centre in East London to J P Morgan Chase Foundation. They will be supporting our work to open an East London centre in Spring 2017 to create a programme of economic and social innovation and inclusion there through the incubation of ventures with the potential to grow and employ local people.

With partners from England, France, Belgium and Holland we have won EU funding for research into opportunities for the Silver Economy which will enable older people to live independently at home for longer. We also launched, with the support of ERDF funding, Serious Impact - a programme which provides free support to impact entrepreneurs and business ventures across the Greater Cambridge and Greater Peterborough Local Economic Partnership.

To support and sustain this growth we have evolved our team structure, re-shaped roles and created some new ones. But the one thing that stands out across all that we do is that our people have worked extremely hard to achieve everything that has been accomplished. Super conferences have been hosted and brilliant events organised helping hundreds of people improve their business skills. Our support programmes continue to help hundreds of individuals and organisations who want to make a positive impact on people, planet or place to develop their plans and achieve their goals.

My thanks as ever to the Allia team – a superb group of people ready to smile and to go the extra mile. What a privilege it is that Allia should have been voted the Winners of the Small Business Award for Employee Engagement for the Eastern Region!

Much has been achieved – but there is so much more yet to be done in our mission to resource the infrastructure of social impact; to provide innovation, support, workspace and investment solutions for meaningful social benefit.

Thank you.

**Tim Jones**  
**CEO Allia**

**Allia Limited**  
**Report of the Directors**  
**for the Year Ended 31 August 2016**

The Trustee Directors (the "Directors") present their annual report and the audited financial statements for the year ended 31 August 2016.

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

As the Society is an exempt charity, the Directors prepare the accounts in accordance with the Charities Statement of Recommended Practice (FRS 102).

## **OBJECTIVES AND ACTIVITIES**

### ***Allia, supporting individuals and ventures who create a positive impact on people, planet or place***

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 a positive impact on people, planet or place. We do that in three ways; through impact finance, impact innovation and workspace including enterprise support.

#### *Our vision*

A future where ventures that aim to create a positive impact, 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
- Unlisted mini bonds

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

- Future Business Centres; and
- Ideation, incubation and acceleration programmes, such as Serious Impact.

Conceive and deliver sustainable new ventures that will make a positive 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.

## **ACHIEVEMENTS AND PERFORMANCE**

We have two divisions which focus on current activities:

- Workspace and enterprise support; and
- Impact finance.

In addition our Impact Innovation and Development division conceives sustainable and resilient new ventures that can make an impact on other emerging issues.

**Allia Limited**  
**Report of the Directors**  
**for the Year Ended 31 August 2016**

**Workspace and enterprise solutions**

*Future impact makers, community builders, growers, movers, shakers, game changers, awe inspirers, business centre*

**Future Business Centres supporting more ventures**

Our vision for our Future Business Centres is to create innovation and incubation spaces that give entrepreneurs and impact ventures everything they need to start-up, scale up and create a positive impact for society.

We have achieved :

- In 2016 our Future Business Centre in Cambridge hit 100% occupancy rate
- Our Peterborough Future Business Centre has achieved 89% occupancy rate
- They are currently home to 140 ventures, 46 virtual office tenants and 29 regular co-workers
- Over 400 ventures have been supported through structured support programmes and in 2016 we developed and launched Serious Impact which includes support at every stage of the entrepreneurial journey from ideation to acceleration and incubation
- Our support programmes have collectively helped ventures access more than £20million in funding and supported the creation of 240 new jobs

**Launch of Serious Impact**

In 2016 Allia were awarded funding and support from the European Regional Development Fund (ERDF) and Peterborough City Council through Peterborough DNA programme to create an impact venture support programme in Cambridgeshire and Peterborough.

Serious Impact launched in 2016 to provide a range of free programmes to support and energise entrepreneurs to develop and grow impact ventures.

Serious Impact can be accessed through a single day workshop, amplified with an intensive three month long programme of workshops, talks and training, or scaled with 9 months of incubation space and one-on-one mentoring, all supported by the state-of-the-art facilities and the tools needed to help a business grow.

The programme aims to create sustainable ventures in sectors such as AgriTech, SocialTech and CleanTech, which strive to find solutions to everything from climate change to food poverty, to the issues faced by our older population.

**Launch of the Allia Future Business Centre Founders Club**

Allia launched a Founders Club for Alumni of our programmes and current tenants to meet over supper to exchange ideas and views about the challenges of running and growing an impact venture in today's climate. Membership of the Founders Club has grown and proved a useful space for founders to reflect, support, inspire and challenge.

**Allia Limited**  
**Report of the Directors**  
**for the Year Ended 31 August 2016**

**Impact finance**

**CAF Retail Charity Bond raises £20 million**

In March 2016, the Charities Aid Foundation Retail Charity Bond closed early after just one week having raised £20 million. The offer saw strong demand from both institutional and retail investors and closed over-subscribed.

The CAF bond was the third to be raised through the Retail Charity Bond platform, which was created by Allia to help charitable organisations grow by providing them with access to affordable, unsecured loan finance through bonds listed on the London Stock Exchange.

Dr John Low, Chief Executive of Charities Aid Foundation, said: *"We are delighted at the reception to the Charities Aid Foundation Retail Charity Bond and its early closure. The proceeds of the Bond will be used to further our work, enhancing CAF's services for donors and the thousands of charities we work with."*

The CAF bond took the total finance raised through the Retail Charity Bond platform to £58 million, following previous years' issues for Golden Lane Housing and Hightown Housing Association. Secondary market trading in these bonds has been strong, demonstrating continuing investor demand for socially responsible investment opportunities. We look forward to a number of further bond issues in 2017.

**More affordable homes in Scotland**

In August 2015 Allia was awarded a two-year contract from Scottish Government for a charitable bond programme to fund the development of affordable housing across Scotland. For the first year the Government allocated £25 million to be invested by 31 March 2016 which Allia successfully delivered with loans to four different housing associations: Eildon in the Borders, Kingdom in Fife, Orkney and Ayrshire.

A further £25 million was committed for the following year, with the first loan to Lochaber Housing Association made in July 2016. Since Allia's year end, another loan has been made to Dumfries and Galloway Housing Partnership, bringing the Scottish Government's total charitable bond investments with Allia to over £47 million. Four further loans are scheduled for March 2017.

Overall, it is expected that around 1,000 new affordable homes in Scotland will be supported through this charitable bond programme.

Social Justice Secretary Alex Neil said: *"Innovative financing schemes such as charitable bonds will play a major role in our approach to supporting a major expansion in housing supply over the next parliamentary term. The bonds are ethical financial products that are providing housing associations in Scotland with easily accessible development finance for new affordable homes."*

We would particularly like to thank Linklaters for their continued pro bono support which has enabled us to deliver the Scottish bond programme.

**Allia Limited**  
**Report of the Directors**  
**for the Year Ended 31 August 2016**

**Impact Innovation and Development**

**East London Future Business Centre – research into reality**

In early 2016, with the support of JP Morgan Chase Foundation, Allia completed research that looked at some of the challenges facing East London as it goes through a significant phase of development and regeneration. The research recognised the importance of ensuring that local communities – including those from disadvantaged backgrounds – are not left behind in the wake of regeneration and explored:-

- Lower employment rates in some boroughs despite strong educational achievement
- Business density issues and a prevalence of micro enterprises
- The need for additional business support to help existing businesses to scale and drive local economic contribution

Once this initial research was completed, Allia secured further support to work on a pilot project to open an incubation and acceleration centre, Future Business Centre, for small businesses in East London. Taking learning from our successful Centres in Cambridge and Peterborough, we hope to open the new centre in Spring/Summer 2017 in one of the boroughs of Tower Hamlets, Hackney, Waltham Forest or Newham.

Allia will build on our long history of engagement with local communities including East London, supporting existing SME's to address unemployment through improved business performance, growth and support.

**Research starts into innovation in the Silver Economy**

In 2016, Allia was awarded 4 year funding to participate in a research project with partners from UK, France, Belgium and Holland to develop an accelerator for innovations which enable older people to live at home independently.

SEAS 2 Grow (Silver Economy Accelerating Strategies 2 Grow) is a research project funded by the Interreg 2 Programme which will run from 2016 – 2020. It is designed to foster and accelerate the development of innovation in the Silver Economy.

Collaborating with organisations and research institutes including the Lord Ashcroft International Business School at Anglia Ruskin University, Allia's role will be researching, designing and testing new financing and funding models which will help older individuals and families afford and benefit from innovations in the home that allow those homes to be safely lived in for longer.

Allia will work with partner organisations who operate 'living laboratory' functions testing such innovations, aiming to help them become more sustainable and to work together to create an international accelerator developing innovative ideas for products and services amongst small and medium-sized businesses, as well as economic models to encourage fitting these innovations into new homes, or retrofitting them into existing homes.

**Affordable eco housing concepts**

During 2016 Allia has begun to work on affordable eco housing concepts, and has been looking for potential development sites and promising opportunities and partnerships. A site has been located with the support of Peterborough City Council, and initial concept designs produced.

**Allia Limited**  
**Report of the Directors**  
**for the Year Ended 31 August 2016**

**Achieve 'Social Enterprise Place' status for Cambridgeshire**

Over the year Allia has led on the partnership to gain official Social Enterprise Place status for Cambridgeshire.

Social Enterprise Place status celebrates the thriving social enterprise sector in Cambridgeshire and support its future growth and development. It is estimated that there are at least 175 social enterprises in the county tackling issues such as homelessness, unemployment, disability and financial exclusion and a recent national survey of such businesses showed that 55% reported growth over the last year.

Nick Temple, Deputy CEO of Social Enterprise UK said: "Cambridgeshire is a hotbed of social enterprise activity. Social Enterprises Places across the UK are re-injecting life into local communities and local economies across the UK, creating opportunities and wealth, often where they're needed most. The gap between rich and poor is growing, and so the potential of social enterprise to regenerate communities and to build a more inclusive economy is something that needs to be embraced."

**FINANCIAL REVIEW**

**Income**

Overall our income is over 66% higher than in 2014/15, which is encouraging.

Future Business Centre income was up by more than 50%, which reflects the much higher occupancy in our Peterborough centre, and the continued near 100% occupancy in our Cambridge centres.

Non-interest income for Impact Finance was below budget, but this was mainly as a result of delays in the issue of two bonds at the end of the year. The budget for 2016/17 shows anticipated growth in this income of another 70% and the current pipeline of prospects for bond issues suggests that this budget should be achievable.

This year's income also includes some initial grant funding from a significant new ERDF-funded project called Serious Impact, which will yield funding of some £850,000 in total and which will last for 2 years. This project is outlined in more detail above.

**Expenditure**

Overall costs have increased by only 37%, which is good compared to the much higher increase in related income. This reflects the growing maturity of our operations, particularly the Future Business Centres, which increasingly allows greater focus on cost control.

**Reserves**

The results for the year reflect the continued 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 continues to be 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 currently has two active subsidiary companies. Allia Bond Services Limited changed its name to Allia Impact Finance Limited on 13 July 2016 to reflect its planned growth into non-group activities. Its income for the period ended 31 August 2016 was £74,000 and its expenditure was £89,000, resulting in a loss of £15,000.

**Allia Limited**  
**Report of the Directors**  
**for the Year Ended 31 August 2016**

Future Business Enterprise Agency Limited had no income for the year ended 31 August 2016 and only nominal costs of £900, although some increased activity is anticipated in the year to 31 August 2017.

**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 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.

So in 2017 we will:

Reinvigorate our Norfolk Street building in the city centre of Cambridge with the aim of creating an accelerator for social ventures.

Launch a pilot Future Business Centre site and support programme in East London with the support of JP Morgan Chase Foundation.

Open the GROW Kitchen + Bar at our Future Business Centre in Peterborough to generate income from visitors, tenants and Peterborough business people.

Create and run an Innovation Lab at Future Business Centre in Peterborough which will give impact entrepreneurs and ventures access to the latest technology in order to test and prototype their products and services.

Continue to explore the expansion of the site at Future Business Centre Cambridge which in 2016 has a waiting list of potential tenants.

**Impact Finance**

Our future strategy is to grow awareness of and use of the Retail Charity Bonds platform and to continue to innovate in the development of social investment infrastructure.

In 2017, our model of providing flexible finance solutions for impact ventures is attracting interest in a number of new sectors. For example we're working to develop a bond offer for independent schools and help them to raise finance from their own networks of parents and alumni. We are currently working on the first pilot bond and have seen significant interest from a number of schools.

**Allia Limited**  
**Report of the Directors**  
**for the Year Ended 31 August 2016**

**Impact Innovation**

**Contributing to solving some of society's pressing problems**

Our aim is to make a meaningful contribution to tackling the shortage of affordable housing and the provision of care and liveability for the ageing population and so in 2017:

We are working on our first eco-housing scheme and hope to engage young people in construction and to create housing that can eliminate fuel poverty and, in the process, identify ways to achieve permanently affordable housing.

We will actively pursue opportunities to promote the use of retained public land for housing use – both for affordable housing and for an ageing economy.

We will explore the creation of a Cambridge Social Impact Fund to provide a more ready source of capital for asset-backed projects that are creating positive impact on people, planet and place.

**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.

**Key management personnel**

The Society's senior management team is made up the following people:

|                 |   |  |
|-----------------|---|--|
| Caroline Hyde   | - | Director of Viability                  |
| Claire Thwaites | - | Head of Marketing Communications       |
| Martin Clark    | - | Deputy Chief Executive Officer         |
| Paul Beeson     | - | Director of Finance and Administration |
| Paul Hughes     | - | Director of Enterprise Support         |
| Phil Caroe      | - | Director of Impact Finance             |
| Rachel Coquard  | - | Head of Human Resources                |
| Tim Jones       | - | Chief Executive Officer                |
| Vanessa Evans   | - | Head of Operations                     |

The remuneration of key management personnel is regularly benchmarked to the market and is set by a subcommittee of the trustee directors.

**Allia Limited**  
**Report of the Directors**  
**for the Year Ended 31 August 2016**

**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;
- 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 Society 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

17 March 2017

**Allia Limited**  
**Report of the Directors**  
**for the Year Ended 31 August 2016**

**REFERENCE AND ADMINISTRATIVE DETAILS**

|  |   |
|--|---|
| DIRECTORS:<br>The Directors are also<br>members of the Society | R Gidoomal (Chairman)<br>C Rosenmeyer<br>S Mather (Places for People Neighbourhoods<br>Nominee Director)<br>H Rosethorn (appointed 20 April, 2016)<br>R Trimble<br>P Wright |
| SECRETARY:   | T Jones   |
| CHIEF EXECUTIVE  | T Jones   |
| REGISTERED OFFICE:   | Future Business Centre<br>King's Hedges Road<br>Cambridge CB4 2HY   |
| REGISTERED NUMBER:   | IP28861R  |
| AUDITORS:  | Peters Elworthy & Moore<br>Chartered Accountants and<br>Statutory Auditors<br>Salisbury House<br>Station Road<br>Cambridge CB1 2LA  |
| PRINCIPAL BANKERS:   | The Co-operative Bank<br>75 Burleigh Street<br>Cambridge CB1 1DF  |
| SOLICITORS   | Wrigleys<br>19 Cookridge Street<br>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 2016 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Parent Society Balance Sheets, the Consolidated and Parent Society Statements of Changes in Equity and the Consolidated Statement of Cash Flows and 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 2016 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: 17 March, 2017

**Allia Limited**  
**Consolidated Statement of Financial Activities**  
**for the year ended 31 August 2016**

|                                      | Notes | Unrestricted<br>Funds<br>£'000 | Restricted<br>Funds<br>£'000 | Total<br>2016<br>£'000 | Total<br>2015<br>£'000 |
|--------------------------------------|-------|--------------------------------|------------------------------|------------------------|------------------------|
| <b>Income from:</b>                  | 1     |                                |                              |                        |                        |
| Donations                            |       | 125                            | -                            | 125                    | -                      |
| Charitable activities                |       | 2,450                          | 253                          | 2,703                  | 1,701                  |
| Generated funds                      |       | 9                              | -                            | 9                      | 6                      |
| <b>Total income</b>                  |       | <u>2,584</u>                   | <u>253</u>                   | <u>2,837</u>           | <u>1,707</u>           |
| <b>Expenditure</b>                   |       |                                |                              |                        |                        |
| Expenditure on charitable activities |       | 3,098                          | 442                          | 3,540                  | 2,560                  |
| <b>Total expenditure</b>             | 2     | <u>3,098</u>                   | <u>442</u>                   | <u>3,540</u>           | <u>2,560</u>           |
| <b>Net deficit before transfers</b>  |       | (514)                          | (189)                        | (703)                  | (853)                  |
| Transfers between funds              | 14    | (131)                          | 131                          | -                      | -                      |
| <b>Net movement in funds</b>         |       | (645)                          | (58)                         | (703)                  | (853)                  |
| Total funds brought forward          |       | 2,082                          | 63                           | 2,145                  | 2,998                  |
| <b>Total funds carried forward</b>   | 14    | <u>1,437</u>                   | <u>5</u>                     | <u>1,442</u>           | <u>2,145</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 17 to 31 form part of these financial statements.

**Allia Limited**  
**Industrial and Provident Society (Registration number 28861R)**  
**Consolidated and Society Balance Sheets**  
**as at 31 August 2016**

|  | Notes | Group<br>2016<br>£'000 | Group<br>2015<br>£'000 | Society<br>2016<br>£'000 | Society<br>2015<br>£'000 |
|--|-------|------------------------|------------------------|--------------------------|--------------------------|
| <b>Fixed assets</b>                          |       |                        |                        |                          |                          |
| Tangible assets                              | 6     | 7,837                  | 8,039                  | 7,837                    | 8,039                    |
| Programme related investments                | 7     | <u>32,169</u>          | <u>16,063</u>          | <u>32,169</u>            | <u>16,063</u>            |
|  |       | <u>40,006</u>          | <u>24,102</u>          | <u>40,006</u>            | <u>24,102</u>            |
| <b>Current assets</b>                        |       |                        |                        |                          |                          |
| Debtors                                      | 9     | 602                    | 992                    | 672                      | 1,047                    |
| Programme related investments                | 7     | 5,615                  | 1,795                  | 5,615                    | 1,795                    |
| Current asset investments                    |       | 470                    | 463                    | 470                      | 463                      |
| Cash at bank and in hand                     |       | <u>2,337</u>           | <u>632</u>             | <u>2,319</u>             | <u>613</u>               |
|  |       | 9,024                  | 3,882                  | 9,076                    | 3,918                    |
| <b>Creditors</b>                             |       |                        |                        |                          |                          |
| Amounts falling due within one year          | 10    | <u>(8,329)</u>         | <u>(2,557)</u>         | <u>(8,292)</u>           | <u>(2,516)</u>           |
| <b>Net current assets</b>                    |       | <u>695</u>             | <u>1,325</u>           | <u>784</u>               | <u>1,402</u>             |
| <b>Total assets less current liabilities</b> |       | 40,701                 | 25,427                 | 40,790                   | 25,504                   |
| <b>Creditors</b>                             |       |                        |                        |                          |                          |
| Amounts falling due after one year           | 11    | <u>(39,122)</u>        | <u>(23,130)</u>        | <u>(39,122)</u>          | <u>(23,130)</u>          |
| <b>Net assets</b>                            |       | <u>1,579</u>           | <u>2,297</u>           | <u>1,668</u>             | <u>2,374</u>             |
| <b>Share Capital</b>                         |       |                        |                        |                          |                          |
| <b>Unrestricted funds</b>                    | 13    | 137                    | 152                    | 137                      | 152                      |
| General funds                                | 14    | <u>1,437</u>           | <u>2,082</u>           | <u>1,526</u>             | <u>2,159</u>             |
|  |       | 1,574                  | 2,234                  | 1,663                    | 2,311                    |
| <b>Restricted Funds</b>                      | 14    | <u>5</u>               | <u>63</u>              | <u>5</u>                 | <u>63</u>                |
| <b>Total</b>                                 |       | <u>1,579</u>           | <u>2,297</u>           | <u>1,668</u>             | <u>2,374</u>             |

The financial statements were approved by the Board of Directors on 17 March 2017 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 17 to 31 form part of these financial statements.

**Allia Limited**  
**Industrial and Provident Society (Registration number 28861R)**  
**Statements of Changes in Equity**  
**for the year ended 31 August 2016**

|                                  | Share<br>capital | Profit and<br>loss<br>account | TOTAL        |
|----------------------------------|------------------|-------------------------------|--------------|
|                                  | £'000            | £'000                         | £'000        |
| <b>Group</b>                     |                  |                               |              |
| Balance at 1 September 2014      | 152              | 2,998                         | 3,150        |
| Deficit for the year             | -                | (853)                         | (853)        |
| <b>Balance at 31 August 2015</b> | <b>152</b>       | <b>2,145</b>                  | <b>2,297</b> |
| Redemption of shares             | (15)             | -                             | (15)         |
| Deficit for the year             | -                | (703)                         | (703)        |
| <b>Balance at 31 August 2016</b> | <b>137</b>       | <b>1,442</b>                  | <b>1,579</b> |
| <b>Company</b>                   |                  |                               |              |
| Balance at 1 September 2014      | 152              | 3,014                         | 3,166        |
| Deficit for the year             | -                | (792)                         | (792)        |
| <b>Balance at 31 August 2015</b> | <b>152</b>       | <b>2,222</b>                  | <b>2,374</b> |
| Redemption of shares             | (15)             | -                             | (15)         |
| Deficit for the year             | -                | (691)                         | (691)        |
| <b>Balance at 31 August 2016</b> | <b>137</b>       | <b>1,531</b>                  | <b>1,668</b> |

The notes on pages 17 to 31 form part of these financial statements.

**Allia Limited**  
**Consolidated Statement of Cash Flows**  
**for the year ended 31 August 2016**

|   | Notes | 2016<br>£'000       | 2015<br>£'000     |
|---|-------|---------------------|-------------------|
| <b>Net cash generated by / (used in) operating activities</b> | 19    | <u>1,879</u>        | <u>(557)</u>      |
| <b>Cash flows from investing activities</b>                   |       |                     |                   |
| Purchase of fixed assets                                      |       | (26)                | (219)             |
| Cash (placed on deposit) / withdrawn from deposit             |       | (7)                 | 1,237             |
| Share capital redeemed  |       | (15)                | -                 |
| <b>Net cash provided by investing activities</b>              |       | <u>(48)</u>         | <u>1,018</u>      |
| <b>Cash flows from financing activities</b>                   |       |                     |                   |
| Interest paid   |       | (126)               | (126)             |
| <b>Net cash (used in) / provided by financing activities</b>  |       | <u>(126)</u>        | <u>(126)</u>      |
| <b>Change in cash in the year</b>                             |       | 1,705               | 335               |
| <b>Cash and cash equivalents at 1 September</b>               |       | <u>632</u>          | <u>297</u>        |
| <b>Cash and cash equivalents at 31 August</b>                 | 20    | <u><u>2,337</u></u> | <u><u>632</u></u> |

The notes on pages 17 to 31 form part of these financial statements.

**Allia Limited**  
**Notes to the Financial Statements**  
**for the year ended 31 August 2016**

**1. INCOME**

|                                    | Unrestricted<br>funds<br>£'000 | Restricted<br>funds<br>£'000 | Total<br>£'000 |
|------------------------------------|--------------------------------|------------------------------|----------------|
| <b>2016</b>                        |                                |                              |                |
| Donations                          | 125                            | -                            | 125            |
| Income from charitable activities: |                                |                              |                |
| Bond interest receivable           | 904                            | -                            | 904            |
| Other social finance income        | 345                            | -                            | 345            |
| Property income                    | 1,089                          | -                            | 1,089          |
| Grant income                       | 82                             | 248                          | 330            |
| Other income                       | 30                             | 5                            | 35             |
| Interest receivable                | 9                              | -                            | 9              |
|                                    | <u>2,584</u>                   | <u>253</u>                   | <u>2,837</u>   |
| <b>2015</b>                        |                                |                              |                |
| Income from charitable activities: |                                |                              |                |
| Bond interest receivable           | 614                            | -                            | 614            |
| Other social finance income        | 101                            | -                            | 101            |
| Property income                    | 710                            | -                            | 710            |
| Grant income                       | 15                             | 249                          | 264            |
| Other income                       | 1                              | 11                           | 12             |
| Interest receivable                | 6                              | -                            | 6              |
|                                    | <u>1,447</u>                   | <u>260</u>                   | <u>1,707</u>   |

**2. EXPENDITURE ON CHARITABLE ACTIVITIES**

|                              | Social<br>finance<br>£'000 | Workspace<br>and<br>Enterprise<br>Solutions<br>£'000 | Advice and<br>development<br>£'000 | Total<br>2016<br>£'000 | Total<br>2015<br>£'000 |
|------------------------------|----------------------------|--|------------------------------------|------------------------|------------------------|
| Costs allocated directly:    |                            |  |                                    |                        |                        |
| Bond interest expense        | 904                        | 126  | -                                  | 1,030                  | 740                    |
| Staff costs                  | 197                        | 530  | 109                                | 836                    | 519                    |
| Professional fees            | 70                         | 82   | 26                                 | 178                    | 260                    |
| Premises costs               | -                          | 678  | -                                  | 678                    | 336                    |
| Other costs                  | 49                         | 225  | 3                                  | 277                    | 317                    |
|                              | <u>1,220</u>               | <u>1,641</u>   | <u>138</u>                         | <u>2,999</u>           | <u>2,172</u>           |
| Allocation of support costs: |                            |  |                                    |                        |                        |
| Staff costs                  | 176                        | 192  | 27                                 | 395                    | 275                    |
| Governance                   | 13                         | 14   | 2                                  | 29                     | 29                     |
| Other costs                  | 52                         | 57   | 8                                  | 117                    | 84                     |
|                              | <u>241</u>                 | <u>263</u>   | <u>37</u>                          | <u>541</u>             | <u>388</u>             |
|                              | <u>1,461</u>               | <u>1,904</u>   | <u>175</u>                         | <u>3,540</u>           | <u>2,560</u>           |

The Society incurred support costs of £541,000 (2015: £388,000), which have been allocated pro-rata to income.

**Allia Limited**  
**Notes to the Financial Statements**  
**for the year ended 31 August 2016**

**2. EXPENDITURE ON CHARITABLE ACTIVITIES (continued)**

The net deficit for the group (2015: deficit) is stated after charging:

|                             | 2016     | 2015     |
|-----------------------------|----------|----------|
|                             | £'000    | £'000    |
| Depreciation – owned assets | 228      | 212      |
| Operating leases – rent     | 125      | 59       |
| Auditor's fees:             |          |          |
| Audit remuneration          |          |          |
| • Society                   | 7        | 7        |
| • Subsidiaries              | 4        | 3        |
| Other fees                  | <u>6</u> | <u>1</u> |

**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**

|                               | 2016         | 2015       |
|-------------------------------|--------------|------------|
|                               | £'000        | £'000      |
| Bond interest                 |              |            |
| Tomorrow's People Bond        | -            | 4          |
| East London Bond              | -            | 19         |
| Charitable Bond Issue 1       | 77           | 74         |
| Cambridge Bond                | 200          | 191        |
| Charitable Bond Issue 2       | 24           | 23         |
| Charitable Bond Issue 3       | 4            | 4          |
| Scottish Government Bonds     |              |            |
| Charitable Bond Issues 4 - 10 | <u>599</u>   | <u>299</u> |
|                               | 904          | 614        |
| FBC Bond                      | <u>126</u>   | <u>126</u> |
|                               | <u>1,030</u> | <u>740</u> |

**5. STAFF COSTS**

| Staff costs include: | 2016         | 2015       |
|----------------------|--------------|------------|
|                      | £'000        | £'000      |
| Wages and salaries   | 929          | 591        |
| Social security      | 90           | 55         |
| Pensions             | <u>92</u>    | <u>57</u>  |
|                      | <u>1,111</u> | <u>703</u> |

**Allia Limited**  
**Notes to the Financial Statements**  
**for the year ended 31 August 2016**

**5. STAFF COSTS (continued)**

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

|                        | FTE<br>2016 | Total<br>Staff<br>2016 | FTE<br>2015 | Total<br>Staff<br>2015 |
|------------------------|-------------|------------------------|-------------|------------------------|
| Charitable activities  |             |                        |             |                        |
| Social finance         | 3.0         | 3.0                    | 1.3         | 1.3                    |
| Property and workspace | 15.4        | 18.0                   | 8.2         | 11.8                   |
| Development            | 1.5         | 1.5                    | 1.0         | 1.0                    |
|                        | <u>19.9</u> | <u>22.5</u>            | <u>10.5</u> | <u>14.1</u>            |
| Support activities     |             |                        |             |                        |
| Finance                | 2.0         | 3.0                    | 1.2         | 1.6                    |
| Operations             | 1.4         | 2.3                    | 1.8         | 3.0                    |
| Marketing              | 3.6         | 4.8                    | 1.7         | 2.0                    |
| Executive              | 0.6         | 1.6                    | 0.6         | 1.6                    |
|                        | <u>7.6</u>  | <u>11.7</u>            | <u>5.3</u>  | <u>8.2</u>             |
| Total                  | <u>27.5</u> | <u>34.2</u>            | <u>15.8</u> | <u>22.3</u>            |

In 2016 two 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 – two employees (2015: one)

**6. TANGIBLE FIXED ASSETS**

| <b>Group and Society</b> | Freehold<br>property<br>£'000 | Works of<br>Art<br>£'000 | Fixtures,<br>fittings and<br>equipment<br>£'000 | Total<br>£'000 |
|--------------------------|-------------------------------|--------------------------|---|----------------|
| <b>COST OR VALUATION</b> |                               |                          |   |                |
| At 1 September 2015      | 7,901                         | 61                       | 480   | 8,442          |
| Additions                | 1                             | 1                        | 24  | 26             |
| At 31 August 2016        | <u>7,902</u>                  | <u>62</u>                | <u>504</u>                                      | <u>8,468</u>   |
| <b>DEPRECIATION:</b>     |                               |                          |   |                |
| At 1 September 2015      | 225                           | -                        | 178   | 403            |
| Charge for the year      | 127                           | -                        | 101   | 228            |
| At 31 August 2016        | <u>352</u>                    | <u>-</u>                 | <u>279</u>                                      | <u>631</u>     |
| <b>NET BOOK VALUE</b>    |                               |                          |   |                |
| At 31 August 2016        | <u>7,550</u>                  | <u>62</u>                | <u>225</u>                                      | <u>7,837</u>   |
| At 31 August 2015        | <u>7,676</u>                  | <u>61</u>                | <u>302</u>                                      | <u>8,039</u>   |

**Allia Limited**  
**Notes to the Financial Statements**  
**for the year ended 31 August 2016**

**7. PROGRAMME RELATED INVESTMENTS**

|   | Group         |               | Society       |               |
|---|---------------|---------------|---------------|---------------|
|   | 2016          | 2015          | 2016          | 2015          |
|   | £'000         | £'000         | £'000         | £'000         |
| <i>Assets due within one year</i>       |               |               |               |               |
| Investment in charitable bonds          | 5,615         | 1,795         | 5,615         | 1,795         |
|   | <u>5,615</u>  | <u>1,795</u>  | <u>5,615</u>  | <u>1,795</u>  |
| <i>Assets due in more than one year</i> |               |               |               |               |
| Investment in charitable bonds          | 32,169        | 16,063        | 32,169        | 16,063        |
| Subsidiaries (see note 8)               | -             | -             | -             | -             |
|   | <u>32,169</u> | <u>16,063</u> | <u>32,169</u> | <u>16,063</u> |
| Total                                   | <u>37,784</u> | <u>17,858</u> | <u>37,784</u> | <u>17,858</u> |

|                          | Group         | Society       |
|--------------------------|---------------|---------------|
|                          | 2016          | 2016          |
|                          | £'000         | £'000         |
| <b>Cost or valuation</b> |               |               |
| At 1 September 2015      | 16,183        | 16,183        |
| Additions                | 20,894        | 20,894        |
| Repayments               | (1,517)       | (1,517)       |
| At 31 August 2016        | <u>35,560</u> | <u>35,560</u> |
| <b>Accrued interest</b>  |               |               |
| At 1 September 2015      | 1,675         | 1,675         |
| Repayments               | (355)         | (355)         |
| Charge for the year      | 904           | 904           |
| At 31 August 2016        | <u>2,224</u>  | <u>2,224</u>  |
| <b>Net Book Value</b>    |               |               |
| At 31 August 2015        | <u>17,858</u> | <u>17,858</u> |
| At 31 August 2016        | <u>37,784</u> | <u>37,784</u> |

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 2016**

**7. PROGRAMME RELATED INVESTMENTS (continued)**

|                          | Issue date | Maturity date | Loan amount | Amount repayable | Guarantor             |
|--------------------------|------------|---------------|-------------|------------------|-----------------------|
| Cambridge Bond           | 12/6/2010  | 6/12/2016     | £3,906,283  | £5,000,000       | Co-operative Bank plc |
| Charitable Bond Issue 2  | 20/1/2012  | 20/1/2017     | £562,161    | £676,425         | Co-operative Bank plc |
| Charitable Bond Issue 3  | 3/10/2012  | 3/10/2017     | £112,975    | £133,790         | Co-operative Bank plc |
| Charitable Bond Issue 4  | 30/1/2014  | 30/1/2019     | £8,574,657  | £10,061,000      | Co-operative Bank plc |
| Charitable Bond Issue 5  | 21/4/2015  | 21/4/2025     | £1,510,386  | £2,020,000       | Co-operative Bank plc |
| Charitable Bond Issue 6  | 10/2/2016  | 10/2/2026     | £1,600,000  | £2,207,302       | Co-operative Bank plc |
| Charitable Bond Issue 7  | 3/3/2016   | 3/3/2026      | £5,222,029  | £7,183,221       | Co-operative Bank plc |
| Charitable Bond Issue 8  | 10/3/2016  | 10/3/2026     | £10,000,035 | £13,689,187      | Co-operative Bank plc |
| Charitable Bond Issue 9  | 17/3/2016  | 17/3/2026     | £2,072,035  | £2,828,202       | Co-operative Bank plc |
| Charitable Bond Issue 10 | 27/7/2016  | 27/7/2026     | £2,000,023  | £2,560,199       | Co-operative Bank plc |

**8. 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 Impact Finance Limited (incorporated in England and Wales) was incorporated on 12 May 2014 and commenced trading shortly after. On 13 July 2016 it changed its name from Allia Bond Services Limited. 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<br>2016<br>£'000 | Profit / (loss) for the year<br>2016<br>£'000 |
|---|---|---------------------------------------|---|
| Future Business Enterprise Agency Limited | Supporting the creation of sustainable new enterprise | (8)                                   | (1)   |
| Allia Impact Finance Limited              | Provision of origination and administration services  | (84)                                  | (15)  |
|   |   | <u>(92)</u>                           | <u>(16)</u>                                   |

**Allia Limited**  
**Notes to the Financial Statements**  
**for the year ended 31 August 2016**

**9. DEBTORS**

|                                | Group         |               | Society       |               |
|--------------------------------|---------------|---------------|---------------|---------------|
|                                | 2016<br>£'000 | 2015<br>£'000 | 2016<br>£'000 | 2015<br>£'000 |
| Trade debtors                  | 296           | 62            | 222           | 58            |
| Prepayments and accrued income | 6             | 19            | 6             | 19            |
| Other debtors                  | 300           | 911           | 296           | 909           |
| Amounts owed by subsidiaries   | -             | -             | 148           | 61            |
|                                | 602           | 992           | 672           | 1,047         |

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

|                                   | Group         |               | Society       |               |
|-----------------------------------|---------------|---------------|---------------|---------------|
|                                   | 2016<br>£'000 | 2015<br>£'000 | 2016<br>£'000 | 2015<br>£'000 |
| Trade creditors                   | 192           | 135           | 171           | 128           |
| Other creditors                   | 463           | 195           | 446           | 177           |
| FBC bond interest                 | 105           | 105           | 105           | 105           |
| Social security and other taxes   | 27            | 19            | 27            | 19            |
| Accrued expenses                  | 91            | 96            | 86            | 74            |
| Bond redemption monies            | 1,772         | 212           | 1,772         | 212           |
| Original liability to bondholders | 4,468         | 1,517         | 4,468         | 1,517         |
| Finance costs accrued on bonds    | 1,147         | 278           | 1,147         | 278           |
| Amounts owed to subsidiaries      | -             | -             | 6             | 6             |
| Deferred income (note 12)         | 64            | -             | 64            | -             |
|                                   | 8,329         | 2,557         | 8,292         | 2,516         |

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

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

| <b>Bond Name</b>        | <b>Repayment<br/>amount<br/>£'000</b> | <b>Repayment<br/>date</b> |
|-------------------------|---------------------------------------|---------------------------|
| Cambridge Bond          | 5,000                                 | 6/12/2016                 |
| Charitable Bond Issue 2 | 676                                   | 25/8/2016                 |

**Allia Limited**  
**Notes to the Financial Statements**  
**for the year ended 31 August 2016**

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

|                                   | Group         |               | Society       |               |
|-----------------------------------|---------------|---------------|---------------|---------------|
|                                   | 2016<br>£'000 | 2015<br>£'000 | 2016<br>£'000 | 2015<br>£'000 |
| Original liability to bondholders | 31,092        | 14,666        | 31,092        | 14,666        |
| Finance costs accrued on bonds    | 1,077         | 1,397         | 1,077         | 1,397         |
| Future Business Centre bond       | 4,200         | 4,200         | 4,200         | 4,200         |
| Deferred income (note 12)         | 2,753         | 2,867         | 2,753         | 2,867         |
|                                   | <u>39,122</u> | <u>23,130</u> | <u>39,122</u> | <u>23,130</u> |

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.

| <b>Bond Name</b>         | <b>Repayment<br/>amount<br/>£'000</b> | <b>Repayment<br/>date</b> |
|--------------------------|---------------------------------------|---------------------------|
| Charitable Bond Issue 3  | 134                                   | 3/10/2017                 |
| Charitable Bond Issue 4  | 10,062                                | 31/1/2019                 |
| Charitable Bond Issue 5  | 20,020                                | 21/4/2025                 |
| Charitable Bond Issue 6  | 2,207                                 | 10/2/2026                 |
| Charitable Bond Issue 7  | 7,183                                 | 3/3/2026                  |
| Charitable Bond Issue 8  | 13,689                                | 10/3/2026                 |
| Charitable Bond Issue 9  | 2,828                                 | 17/3/2026                 |
| Charitable Bond Issue 10 | 2,560                                 | 27/7/2026                 |

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

**Allia Limited**  
**Notes to the Financial Statements**  
**for the year ended 31 August 2016**

**12. DEFERRED INCOME**

|  | Group        |              | Society      |              |
|--|--------------|--------------|--------------|--------------|
|  | 2016         | 2015         | 2016         | 2015         |
|  | £'000        | £'000        | £'000        | £'000        |
| <i>Amounts falling due after more than one year:</i> |              |              |              |              |
| Amount brought forward                               | 2,867        | 3,244        | 2,867        | 3,244        |
| Received in the year                                 | -            | 80           | -            | 80           |
| Reduction of past claims                             | (114)        | (457)        | (114)        | (457)        |
|  | <u>2,753</u> | <u>2,867</u> | <u>2,753</u> | <u>2,867</u> |
| <i>Amounts falling due after less than one year:</i> |              |              |              |              |
| Grant received in the year                           | 140          | -            | 140          | -            |
| (Utilised) / received in the year                    | (76)         | -            | (76)         | -            |
| Amount carried forward                               | <u>2,817</u> | <u>2,867</u> | <u>2,817</u> | <u>2,867</u> |

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

In addition, an amount of £140,000 was received from Opportunity Peterborough, which is to be used over a 2 year period.

**13. SHARE CAPITAL**

|                                    | 2016       | 2015       |
|------------------------------------|------------|------------|
|                                    | £'000      | £'000      |
| Allotted, called up and fully paid | <u>137</u> | <u>152</u> |

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

During the year 15,000 £1 Ordinary shares were redeemed at par and none were issued.

**Allia Limited**  
**Notes to the Financial Statements**  
**for the year ended 31 August 2016**

**14. STATEMENT OF FUNDS**

|                           | At 1<br>September<br>2015<br>£'000 | Income<br>£'000 | Expenditure<br>£'000 | Redeem<br>shares<br>£'000 | Fund<br>Transfer<br>£'000 | At 31<br>August<br>2016<br>£'000 |
|---------------------------|------------------------------------|-----------------|----------------------|---------------------------|---------------------------|----------------------------------|
| <i>Unrestricted funds</i> |                                    |                 |                      |                           |                           |                                  |
| Society general funds     | 2,159                              | 2,510           | (3,008)              | -                         | (131)                     | 1,530                            |
| Allia Impact Finance      | (70)                               | 74              | (89)                 | -                         | -                         | (85)                             |
| FBEA                      | (7)                                | -               | (1)                  | -                         | -                         | (8)                              |
|                           | <u>2,082</u>                       | <u>2,584</u>    | <u>(3,098)</u>       | <u>-</u>                  | <u>(131)</u>              | <u>1,437</u>                     |
| <i>Restricted funds</i>   |                                    |                 |                      |                           |                           |                                  |
| FBC Cambridge             | -                                  | -               | (19)                 | -                         | 19                        | -                                |
| Social Incubator East     | 63                                 | 5               | (175)                | -                         | 112                       | 5                                |
| FBC East London           | -                                  | 58              | (58)                 | -                         | -                         | -                                |
| 'Serious Impact'          | -                                  | 190             | (190)                | -                         | -                         | -                                |
|                           | <u>63</u>                          | <u>253</u>      | <u>(442)</u>         | <u>-</u>                  | <u>131</u>                | <u>5</u>                         |
| Total funds               | <u>2,145</u>                       | <u>2,837</u>    | <u>(3,540)</u>       | <u>-</u>                  | <u>-</u>                  | <u>1,442</u>                     |
| Share capital             | <u>152</u>                         | <u>-</u>        | <u>-</u>             | <u>(15)</u>               | <u>-</u>                  | <u>137</u>                       |
| Total                     | <u>2,297</u>                       | <u>2,837</u>    | <u>(3,540)</u>       | <u>(15)</u>               | <u>-</u>                  | <u>1,579</u>                     |

The Restricted funds represent development projects where ring-fenced funding has been provided by a third party. Where these are part funded from Allia's reserves, a transfer is made from the Society's unrestricted funds, as shown.

- The Future Business Centre in Cambridge was established to create an innovation and incubation space to give entrepreneurs and impact ventures everything they need to start-up, scale up and create a positive impact for society. It was funded and supported by the European Regional Development Fund (ERDF).
- The Social Incubator East programme was funded by the Cabinet Office to help create investable start up social ventures by providing business support, loans and workspace to ambitious entrepreneurs to fulfil their potential, grow their businesses and make an impact for people and planet. The project has now been transferred to the Cambridge University Judge Business School and so, apart from final evaluation, Allia's direct involvement has finished.
- The Serious Impact programme was launched in 2016 to create an impact venture support programme in Cambridgeshire and Peterborough. It is funded and supported by the ERDF and Peterborough City Council through the Peterborough DNA programme.
- In early 2016, with funding and support from JP Morgan Chase Foundation, Allia completed research that looked at some of the challenges facing East London. Once this initial research was completed, Allia secured further support to work on a pilot project to open an incubation and acceleration centre, Future Business Centre, for small businesses in East London with potential and ambition to grow.

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**14. STATEMENT OF FUNDS (continued)**

Fund balances at 31 August 2016 are represented as follows:

|                           | General<br>funds | General<br>funds:<br>Bonds | Restricted<br>Funds | Total Funds  |
|---------------------------|------------------|----------------------------|---------------------|--------------|
|                           | £'000            | £'000                      | £'000               | £'000        |
| Fixed assets              | 7,837            | 32,169                     | -                   | 40,006       |
| Current assets            | 3,404            | 5,615                      | 5                   | 9,024        |
| Creditors within one year | (2,714)          | (5,615)                    | -                   | (8,329)      |
| Creditors after one year  | (6,953)          | (32,169)                   | -                   | (39,122)     |
| Total net assets          | <u>1,574</u>     | <u>-</u>                   | <u>5</u>            | <u>1,579</u> |

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.

**15. COMMITMENTS UNDER OPERATING LEASES**

At 31 December 2016 the Group and the Society had future minimum lease payments under non-cancellable operating leases as follows:

|   | Group      |            | Society    |            |
|---|------------|------------|------------|------------|
|   | 2016       | 2015       | 2016       | 2015       |
|   | £'000      | £'000      | £'000      | £'000      |
| <b>Land and buildings</b>                       |            |            |            |            |
| Not later than 1 year                           | -          | -          | -          | -          |
| Later than 1 year and<br>not later than 5 years | 240        | 240        | 240        | 240        |
| Total   | <u>240</u> | <u>240</u> | <u>240</u> | <u>240</u> |

**16. 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 £8,871 (2015: £1,250) 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 £92,021 (2015: £57,360).

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**17. 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.

During the year there were the following transactions between the Society and its subsidiary, Allia Impact Finance Ltd ("AIF"), with the balance shown due to the Society at the year-end:

|  | 2016       | 2015      |
|--|------------|-----------|
|  | £'000      | £'000     |
| Amount due to the Society at 1 September | 61         | 2         |
| Recharge for staff costs                 | -          | 46        |
| Invoices paid on behalf of AIF           | -          | 61        |
| Funds transferred                        | 87         | (48)      |
| Amount due to the Society at 31 August   | <u>148</u> | <u>61</u> |

At 31 August, 2016 the Society owed its subsidiary Future Business Enterprise Agency Limited £5,922 (2015: £5,922).

In 2014, the Society made an advance of £25,000 to Retail Charity Bonds plc, an associated company. During the year ended 31 August, 2016 it was charged a service fee of £22,000, resulting in a balance outstanding at 31 August 2016 of £23,000.

The remuneration of those making up the senior management team during the year, including pension and national insurance costs, was £384,000 (2015: £333,000).

**18. LEGAL STATUS OF THE SOCIETY**

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

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

|   | 2016         | 2015         |
|---|--------------|--------------|
|   | £'000        | £'000        |
| Net movement in funds<br>(as per statement of financial activities) | (703)        | (853)        |
| Adjustments for:  |              |              |
| Charges for depreciation  | 228          | 212          |
| Decrease / (increase) in debtors                                    | 390          | 171          |
| Decrease in creditors   | 278          | (425)        |
| Interest charged on FBC bond  | 126          | 126          |
| Increase in bond redemption liability                               | 1,560        | 212          |
| Third party monies received   | 22,766       | 2,353        |
| Third party monies paid   | (22,766)     | (2,353)      |
| Net cash used in operating activities                               | <u>1,879</u> | <u>(557)</u> |

The bond redemption liability represents amounts received before the year end to repay bond holders, not settled until after the year end.

**Allia Limited**  
**Notes to the Financial Statements**  
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**20. CASH AND CASH EQUIVALENTS**

|              | Group         |               | Society       |               |
|--------------|---------------|---------------|---------------|---------------|
|              | 2016<br>£'000 | 2015<br>£'000 | 2016<br>£'000 | 2015<br>£'000 |
| Cash in hand | 2,337         | 632           | 2,337         | 632           |

**21. TRANSITION TO FRS 102**

It is the first year that the Society has presented its financial statements under the Charities' SORP 2015 and FRS 102. The following disclosures are required in the year of transition. The last financial statements prepared under previous UK GAAP were for the year ended 31 August 2015 and the date of transition to FRS 102 and SORP 2015 was therefore 1 September 2014. As a consequence of adopting FRS 102 and SORP 2015, a number of accounting policies have changed to comply with those standards.

The policies applied under the Society's previous accounting framework are not materially different to FRS 102 and have not impacted on funds or net income/expenditure.

**22. POST BALANCE SHEET EVENT**

On 27 January, 2017 the Society subscribed for and paid for £250,000 Ordinary £1 shares in its subsidiary Allia Impact Finance Limited.

Furthermore, since the balance sheet date, Allia Impact Finance Limited has received authorisation from the Financial Conduct Authority under Part 4A of the Financial Services and Markets Act 2000 which allows it to arrange deals between the issuer of investments/securities and the buyer of investments/securities (or vice versa).

**23. FUNDS HELD AS AGENT**

The Charity receives bond monies in its role as agent to the bondholders. The total amount of funds held as agent at 31 August 2016 amounted to £7,299,000 (2015: £nil). In accordance with FRS 102 these funds received as agent are not recognised as an asset in these accounts because the funds are not within the Society's control.

**24. ACCOUNTING POLICIES**

**Basis of preparation**

As the Society is an exempt charity, the Directors have decided to prepare the accounts in accordance with the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the additional disclosures as would be required under the Companies Act 2006.

The Society meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

**Allia Limited**  
**Notes to the Financial Statements**  
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**24. ACCOUNTING POLICIES (continued)**

The principles adopted in the preparation of the financial statements are set out below.

**Reconciliation with previous Generally Accepted Accounting Practice**

In preparing these accounts, the Directors have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP FRS 102 the restatement of comparative items was required.

No restatements were required (see note 21).

**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 £691,000 (2015: deficit of £792,000).

**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.

**Income**

All income is recognised once the Society has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably. 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. Any remaining balance is included within deferred income.

Voluntary income is recognised when received or, before receipt, if it becomes probable that the donation will be received and the value of the income can be reliably measured.

**Allia Limited**  
**Notes to the Financial Statements**  
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**24. ACCOUNTING POLICIES (continued)**

**Expenditure**

Expenditure is recognised once there is a legal or constructive obligation to make payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

All expenditure is accounted for on an accruals basis. All expenses including support costs and governance costs are allocated to the applicable expenditure headings.

Irrecoverable VAT is included as an expense within support costs.

**Leases**

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

**Pension costs**

The Society operates a defined contribution pension scheme. The pension cost charge in the SOFA represents contributions payable by the Society to the fund.

**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.

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.

**Allia Limited**  
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**24. ACCOUNTING POLICIES (continued)**

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, 10 and 11.

*Other investments*

Other investments are stated at cost less any provisions made.

**Debtors**

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

**Cash at bank and in hand**

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

**Liabilities and provisions**

Liabilities are recognised when there is an obligation at the Balance Sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the Society anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

**Financial instruments**

The Society only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.