

Industrial & Provident Society Registration No. IP28861R

ALLIA LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2012

ALLIA LIMITED

COMPANY INFORMATION

Directors	Ram Gidoomal Charles Rosenmeyer Places for People Neighbourhoods (Nominee Director Steve Mather) Paul Doye Rob Trimble Philip Wright (Appointed 4 October 2012)
Secretary	Tim Jones
Industrial & Provident Society number	IP28861R
Registered office	Citylife House Sturton Street Cambridge
Auditors	Knill James One Bell Lane Lewes East Sussex
Business address	Citylife House Sturton Street Cambridge
Bankers	The Co-operative Bank Plc 75 Burliegh Street Cambridge
Solicitors	Wrigleys 19 Cockridge Street Leeds

ALLIA LIMITED

CONTENTS

	Page
Chairman's statement	1
Chief Executive's Report	2 - 3
Directors' report	4 - 5
Independent auditors' report	6 - 7
Profit and loss account	8
Statement of total recognised gains and losses	9
Balance sheet	10
Notes to the financial statements	11 - 24

ALLIA LIMITED

CHAIRMAN'S STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2012

I commented in my report last year on how much had changed since we began in 1999 with a staff of 3 and the idea of issuing bonds to fund local projects tackling social exclusion - particularly in the areas of unemployment and enterprise. Over the past year Future Business, the brand we created to deliver enterprise and employment support, has established itself across three key strands of activity: (i) business advice and coaching, (ii) properties for easy-in / easy-out rental and (iii) business ideation and incubation. At the same time the bond issuance business under the Allia brand is rapidly evolving. Through the original charitable bond model we have raised some £18.5m to date and seen around £4m given to charity. Now we are developing new products to serve two far larger emerging markets: (i) the demand for asset finance required by the third sector and (ii) the growing demand for high-risk capital from social ventures or for structures like social impact bonds. We have always been innovators and I am enormously enthused by what the organisation has done to date and what is to come next.

The year ahead will see our business models refreshed, new relationships forged and appropriate governance structures refined. We will work with partners in the City and in Government, with Business Schools and Entrepreneurs, with Volunteers and Staff. Together we will strive to be of real service to society and to give good value for the exempt charitable status we enjoy. I am particularly grateful for the support of my fellow trustee directors who give their time and expertise so diligently: I am delighted to welcome Philip Wright, formerly PwC, to the board and, at the same time, saddened to say goodbye to Isla Smith on her retirement from the Board which, along with the Remuneration and Audit Committees, she has served with enthusiasm, insight and grace since 2004.

Ram Gidoomal

Chairman

26 February 2013

ALLIA LIMITED

CHIEF EXECUTIVE'S REPORT

FOR THE YEAR ENDED 31 AUGUST 2012

Although the Society is reporting a deficit for the year of a little over £200k the balance sheet has strengthened very considerably from just under £1m to in excess of £1.6m. As I often have to observe, we are a charitable organisation - we do not report profits or losses but instead we have income and expenditure which, from one year to the next, may reflect surplus or deficit according to the programmes with which the Society is involved. The deficit in the current 12 months follows a surplus in the previous 12 months of nearly £800k.

More importantly, in an environment where public sector funding is difficult, the Society has to deliver even more social benefit and I am extremely pleased to report that over 60 social and cleantech businesses have been supported to start-up, more than 40 voluntary and community organisations have been assisted to develop sustainable trading plans and both Cambridge City and Cambridgeshire County councils have been utilising our social enterprise support offerings to nurture organisations needing assistance with trading for mission delivery and income. These Future Business activities are complemented by our flexible property solutions for many different types of organisation including charities, community groups, creative professionals, entrepreneurs, consultants, freelancers, social enterprises, students, voluntary organisations and so on. Key features include:

- Easy-in, easy-out terms
- On-site business support
- Co-location with other like-minded organisations
- Networking facilitated by the design of the building
- Shared back-office services and equipment.

Occupancy at our properties at Citylife House, Norfolk Street and Milton Road has been at or near 100% throughout the year, and unmet demand gives confidence that our purpose built incubator, the Future Business Centre, which is now under construction in North Cambridge will have similarly high occupancy levels. We continue to look for other property opportunities where empty spaces can be brought into use for social benefit, and other projects in Cambridge and further afield are being evaluated.

The new Centre is expected to open in October 2013 and we are grateful for the support of the European Regional Development Fund, which is providing grant funding for 40% of the construction costs, and for the finance facilities provided by the Local Enterprise Partnership (LEP) and Interserve. We are committed to build cost expenditure of £5,500,000 and are confident that sufficient finance is available to meet this and to complete construction of the centre. It is the intention that, through a combination of fundraising, re-financing and other options, we will be able to repay any monies borrowed from the LEP and Interserve as required.

Work has also begun in Oxford and Cambridge to develop business ideation initiatives to help drive new enterprise start-ups, business incubation opportunities and prospective tenants for our properties.

The quote below is gratifying:

"Future Business is great - affordable, friendly and supportive; fantastic mix of tenants, great networking opportunities, helpful advice from experienced advisors. What more could you want?!" Rosemary Randall, Cambridge Carbon Footprint.

At the same time we continue to provide space for a number of organisations working with difficult groups including young offenders and the homeless.

Meanwhile Allia's bond issuance work not only accounted for £675k of charitable bonds during the year but, as the Chairman mentioned in his report, has served as the basis for new kinds of bond activity which promise to be substantially bigger than the original vision from which they have grown.

ALLIA LIMITED

CHIEF EXECUTIVE'S REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2012

The expectation is that Retail Charity Bonds will be London Stock Exchange listed instruments, issued on behalf of charities looking to acquire or finance capital assets efficiently and cost-effectively. Whether for an air ambulance helicopter, sheltered accommodation or a care home, there is substantial demand from charities for asset finance. Allia's platform is being established to provide a cost-effective way to raise medium-term (5-10 year) funding and plans to support a substantial share of what could be a £0.25bn a year or more market. We are enormously grateful for the encouragement and support of Canaccord Genuity, Allen and Overy, Prudential Trustees and Bank of New York Mellon in helping bring this initiative to market.

At the same time, there is a clear gap in the social investment market in the supply of risk capital at a time of growing demand, particularly as the public sector seeks new ways of addressing challenging social issues through the use of social impact bonds and other forms of outcomes-based contracts. During the financial year Allia was awarded a £180k grant by Big Lottery Fund to evolve our longstanding charitable bond model and provide a proposition which retail investors could participate in; something with capital protection, the prospect of a financial as well as a social upside and the possibility of transferability for any bondholder needing to exit before maturity. Since the year end the first of this new type of 'capital plus' bond, the Future for Children Bond, has been developed through an excellent cooperation with Social Finance. Linklaters have kindly provided the legal resources to develop the prospectus and Esmée Fairbairn Foundation and Big Society Capital have been, and continue to be, vital sources of support.

As part of our research into the demand for and distribution of new bond products such as these we jointly commissioned, with Social Finance and NESTA, research by Worthstone with financial advisors which led to the report published in June 2012 "Financial Planners As Catalysts For Social Investment".

The current year will see the further evolution of Future Business and Allia into independent activities with bespoke business models serving defined needs. Social innovation will continue to be the common currency whilst governance, funding and communication methodologies evolve.

With renewed thanks to all our staff, our trustee directors, our members, our donors and our supporters without each of whom we could not achieve anything: thank you.

Tim Jones

Chief Executive and Secretary

26 February 2013

ALLIA LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 AUGUST 2012

The directors present their report and financial statements for the year ended 31 August 2012.

Principal activities and review of the business

The principal activities of the Society during the year were to undertake practical initiatives into the relief of unemployment for public benefit, the promotion of sustainable charitable business and of business for social benefit, the provision of financial instruments including social investment schemes such as bonds for charities and charitable purposes and the advancement of education and training relevant to the above activities. The Society is governed by the Industrial and Provident Societies Acts 1965 to 2002.

Results and dividends

The results for the year are set out on page 8.

The Chairman's Statement and the Chief Executive's Report provide a comprehensive review of developments. The Society has declared a deficit for the year of £201,439 (2011- surplus £783,780).

The directors, in accordance with the Society's rules, do not recommend the payment of a dividend.

Directors

The following directors have held office since 1 September 2011 unless otherwise stated:

Ram Gidoomal
Charles Rosenmeyer
Places for People Neighbourhoods (Nominee Director Steve Mather)
Paul Doye
Isla Smith (Resigned 19 November 2012)
Rob Trimble
Philip Wright (Appointed 4 October 2012)

Directors' interests

The directors' interests in the shares of the Society were as stated below:

	Ordinary shares of £1 each	
	31 August 2012	1 September 2011
Ram Gidoomal	2,010	2,010
Charles Rosenmeyer	10	10
Places for People Neighbourhoods (Nominee Director Steve Mather)	20,000	20,000
Paul Doye	10	10
Isla Smith	10	10
Rob Trimble	10	10

Auditors

In accordance with the company's articles, a resolution proposing that Knill James be reappointed as auditors of the company will be put at a General Meeting.

ALLIA LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2012

Statement of directors' responsibilities

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

Industrial and Provident Society law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Society as at the end of the financial year and of the income and expenditure of the Society for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Society will continue in business.

The directors are responsible for keeping proper accounting records with respect to the Society's transactions and its assets and liabilities as are necessary to give a true and fair view of the state of affairs of the Society. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for ensuring that the directors' report and other information included in the annual report is prepared in accordance with Industrial and Provident Law in the United Kingdom.

Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

Risk review

The directors have systematically examined the main business risks and agreed action plans designed to manage key areas of business risk in respect of governance, finance, operations and product diversification.

Governance

The Rules provide for members to elect, from among themselves, a board comprising a minimum of three directors. Whilst the Society is not regulated by the Charities Commission, it is a charitable institution and directors act in the capacity of charity trustees. The board may appoint and delegate powers to board committees comprising a minimum of two directors. Two permanent such committees during the year were the Audit Committee (Steve Mather and Paul Doye) and the Human Resources Committee (Charles Rosenmeyer and Isla Smith).

A council may also be appointed by the members consisting of a minimum of five members who are not directors or officers of the Society.

By order of the board

Tim Jones

Secretary

26 February 2013

ALLIA LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ALLIA LIMITED

We have audited the financial statements of Allia Limited for the year ended 31 August 2012 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses 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).

The report is made solely to the Society's members, as a body, in accordance with section 9 of the Friendly and Industrial Provident Societies Act 1968. 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 the 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 directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on pages 4 - 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they 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 company'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 Directors' Report to identify material inconsistencies with the audited financial statements. 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 state of the company's affairs as at 31 August 2012 and of its surplus for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and with the Industrial and Provident Societies Act 1965 to 2002.

ALLIA LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED)

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 Friendly and Industrial and Provident Societies Acts 1965 to 2002 require us to report to you if, in our opinion:

- proper books of account have not been kept by the company in accordance with the requirements of the legislation; or
- a satisfactory system of control over transactions has not been maintained by the company in accordance with the requirements of the legislation; or
- 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 company; or
- we have not obtained all the information and explanations necessary for the purposes of our audit.

David Martin FCA (Senior Statutory Auditor)
for and on behalf of Knill James

27 February 2013

Chartered Accountants
Statutory Auditor

One Bell Lane
Lewes
East Sussex

ALLIA LIMITED

REVENUE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2012

	Notes	2012 £	2011 £
Income	2	450,737	1,692,278
Administrative expenses		(640,182)	(883,695)
(Deficit)/surplus before interest		(189,445)	808,583
Interest receivable and similar income	4	331,269	404,172
Interest payable and similar charges	5	(343,263)	(428,975)
(Deficit)/surplus for the year	16	(201,439)	783,780

All operations are continuing operations.

ALLIA LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 AUGUST 2012

	Notes	2012 £	2011 £
(Deficit)/surplus for the financial year		(201,439)	783,780
Unrealised surplus on revaluation of properties	7	813,708	-
Total recognised gains and losses relating to the year		<u>612,269</u>	<u>783,780</u>

There is no material difference between the income/(expenditure) on ordinary activities for the year ended 31 August 2012 and its historical cost equivalent.

ALLIA LIMITED

BALANCE SHEET

AS AT 31 AUGUST 2012

	Notes	2012		2011	
		£	£	£	£
Fixed assets					
Tangible assets	7	2,246,923		1,537,840	
Investments	8	7,120,671		6,285,601	
			<u>9,367,594</u>		<u>7,823,441</u>
Current assets					
Debtors	9	191,339		186,274	
Investments	10	-		4,146,985	
Cash at bank and in hand		488,371		728,559	
		<u>679,710</u>		<u>5,061,818</u>	
Creditors: amounts falling due within one year	11	<u>(557,935)</u>		<u>(4,854,113)</u>	
Net current assets			<u>121,775</u>		<u>207,705</u>
Total assets less current liabilities			9,489,369		8,031,146
Creditors: amounts falling due after more than one year	12		(7,333,454)		(6,515,639)
Accruals and deferred income	13		<u>(528,850)</u>		<u>(536,520)</u>
			<u>1,627,065</u>		<u>978,987</u>
Capital and reserves					
Called up share capital	15	146,190		119,190	
Revaluation reserve	16	1,252,666		438,958	
Profit and loss account	16	228,209		420,839	
			<u>1,627,065</u>		<u>978,987</u>
Society shareholders' funds	17		<u>1,627,065</u>		<u>978,987</u>

Approved by the Board and authorised for issue on 26 February 2013

Paul Doye
Director

Industrial and Provident Society Registration No. IP28861R

ALLIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2012

1 Accounting policies

1.1 Accounting convention and basis of preparation

The financial statements are prepared under the historical cost convention modified to include the revaluation of freehold land and buildings.

As detailed in note 24, subsequent to the year end the company has committed to future build cost expenditure of £5,500,000. The directors are confident that sufficient finance is available to meet this and to complete construction of the Future Business Centre. On this basis the financial statements have been prepared on going concern basis.

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated).

1.3 Income

Income represents monies received from the issue of investment bonds for the Society's own use and monies received from rents along with fees, donations and grants from trusts and other bodies.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets other than freehold land are stated at cost or valuation less depreciation. Depreciation 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:

Land and buildings freehold	2% on cost or revalued amount less residual value
Land and buildings leasehold	Written down over the length of the lease
Improvements to property	20% straight line basis or over the length of the lease
Computer equipment	33.3% straight line basis
Fixtures, fittings & equipment	20% straight line basis

1.5 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.6 Investments

Fixed asset investments are stated at market value at the balance sheet date.
Current asset investments are stated at market value at the balance sheet date.

1.7 Pensions

The society operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

ALLIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2012

1 Accounting policies

(continued)

1.8 Government grants

Grants receivable are not recognised until the conditions for receipt have been met. Where grants relate to future accounting periods they are deferred and recognised in those future accounting periods. Grants that relate to capital are treated in accordance with the provisions of SSAP4. Grants in relation to property are released over their useful economic life. Grants receivable in respect of land are credited directly to the cost of the asset. This treatment is not in accordance with SI 2008/410 which requires fixed assets to be shown at cost and grants as deferred income. The treatment has been adopted in accordance with section 393 of the Companies Act 2006 to show a true and fair view, as in the opinion of the directors, it is not appropriate to treat grants for land as deferred income. Land is not depreciated and accordingly no basis exists on which to recognise the release of the deferred income to the profit and loss account. The accumulated impact of this treatment is to reduce the deferred income and cost of land by £749,995.

Grants for immediate financial support and assistance or to reimburse costs previously incurred, are recognised immediately.

2 Income

The total income of the society for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

	2012	2011
	£	£
Fees	8,567	75,246
Voluntary income	124,475	23,953
Grants	107,587	76,578
Miscellaneous income	2,901	315
Rental income	207,077	256,958
Social enterprise fees	130	22,949
Bond proceeds	-	1,236,279
	<u>450,737</u>	<u>1,692,278</u>

In the current year the Society issued one new bond; the Charitable Bond issue 2.

Included within income were grants receivable from the following bodies:

Social Enterprise	-	15,000
East of England Development Agency	37,759	38,280
Basis grant	1,051	9,940
Big Lottery Fund	46,250	-
Department for Communities and Local Government	22,527	-
Other	-	13,358
	<u>107,587</u>	<u>76,578</u>

ALLIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2012

3	Operating (deficit)/surplus	2012	2011
		£	£
	The operating (deficit)/surplus is stated after charging:		
	Depreciation of tangible assets	4,542	5,991
	Operating lease rentals	40,924	30,170
	Auditors' remuneration (including expenses and benefits in kind)	4,400	4,083
		<u>49,866</u>	<u>40,244</u>
4	Interest receivable and similar income	2012	2011
		£	£
	Bank interest	6,045	1,249
	Interest receivable under guaranteed investment relating to:		
	Newcastle bond	33,900	201,603
	Sheffield 3 bond	-	33,784
	Wales bond	18,414	19,072
	Tomorrow's People bond	7,477	7,195
	East London bond	18,848	18,221
	Cambridge bond	169,232	123,048
	Charitable bond issue 1	65,085	-
	Charitable bond issue 2	12,268	-
		<u>331,269</u>	<u>404,172</u>
5	Interest payable and similar charges	2012	2011
		£	£
	Included in interest payable are the following amounts:		
	Bank interest	10,539	13,844
	Other interest payable	7,500	12,208
	Bond finance charges in respect of:		
	Newcastle bond	33,900	201,603
	Sheffield 3 bond	-	33,784
	Wales bond	18,414	19,072
	Tomorrow's People bond	7,477	7,195
	East London bond	18,848	18,221
	Cambridge bond	169,232	123,048
	Charitable bond issue 1	65,085	-
	Charitable bond issue 2	12,268	-
		<u>343,263</u>	<u>428,975</u>

ALLIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2012

6 Taxation

The Society is exempt from corporation tax under Inland Revenue reference XR29468.

7 Tangible fixed assets

	Land and buildings Freehold £	Land and buildings Leasehold £	Fixtures, fittings & equipment £	Total £
Cost or valuation				
At 1 September 2011 - see note below	470,202	1,060,000	44,149	1,574,351
Additions	334,420	76,292	-	410,712
Revaluation	-	813,708	-	813,708
Grant offset	(519,604)	-	-	(519,604)
At 31 August 2012	285,018	1,950,000	44,149	2,279,167
Depreciation				
At 1 September 2011	-	8,809	27,702	36,511
Revaluation	-	(8,809)	-	(8,809)
Charge for the year	-	-	4,542	4,542
At 31 August 2012	-	-	32,244	32,244
Net book value				
At 31 August 2012	285,018	1,950,000	11,905	2,246,923
At 31 August 2011	470,202	1,051,191	16,447	1,537,840

ALLIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2012

7 Tangible fixed assets

(continued)

Comparable historical cost for the leasehold land and buildings included at valuation:

	£
Cost	
At 1 September 2011	635,089
Additions	76,292
	<hr/>
At 31 August 2012	711,381
	<hr/>
Depreciation based on cost	
At 1 September 2011	28,438
Charge for the year	5,691
	<hr/>
At 31 August 2012	34,129
	<hr/>
Net book value	
At 31 August 2012	677,252
	<hr/> <hr/>
At 31 August 2011	606,651
	<hr/> <hr/>

Included within freehold property is land at a cost of £1,554,617 reduced by a grant received in earlier years of £749,995 from EEDA and a grant of £519,604 received in the current year from ERDF.

The leasehold property is included at valuation on open market basis. All other assets are stated at cost.

The leasehold land and buildings were revalued on 22 August 2012 by Lambert Smith Hampton Chartered Surveyors on an open market basis. In the opinion of the directors the open market value at 31 August 2012 is not materially different from the carrying value of the leasehold property.

The Co-operative Bank Plc hold a first legal charge over the leasehold property known as Citylife House.

Interserve Project Services Limited hold a charge over the freehold land on the east side of Sturton Street, Cambridge. (The site of the Future Business Centre).

ALLIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2012

8 Fixed asset investments

	Tomorrow's People	East London	Cambridge	Charitable Bond Issue 1	Charitable Bond Issue 2	Total
	£	£	£	£	£	£
Cost or valuation						
At 1 September 2011	180,783	528,188	3,906,283	1,517,129	-	6,132,383
Additions	-	-	-	-	562,161	562,161
At 31 August 2012	180,783	528,188	3,906,283	1,517,129	562,161	6,694,544
Accrued interest						
At 1 September 2011	10,435	19,735	123,048	-	-	153,218
Accrued in the year	7,477	18,847	169,232	65,085	12,268	272,909
At 31 August 2012	17,912	38,582	292,280	65,085	12,268	426,127
Net book value						
At 31 August 2012	198,695	566,770	4,198,563	1,582,214	574,429	7,120,671
At 31 August 2011	191,218	547,923	4,029,331	1,517,129	-	6,285,601

By the Trust Deeds, the investments are not subject to the limitations of the Trustees Investment Act. A summary of the bonds issued is given below:

Bond Name	Issue Date	Maturity Date	Loan amount	Amount repayable	Guarantor
Tomorrow's People	10/03/10	10/03/15	£180,783	£219,000	Co-operative Bank Plc
East London	27/09/10	29/07/15	£528,188	£625,500	Co-operative Bank Plc
Cambridge	06/12/10	06/12/16	£3,906,283	£5,000,000	Co-operative Bank Plc
Charitable Bond Issue 1	25/08/11	25/08/16	£1,517,129	£1,871,700	Co-operative Bank Plc
Charitable Bond Issue 2	20/01/12	20/01/17	£562,161	£676,425	Co-operative Bank Plc

ALLIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2012

8 Fixed asset investments (continued)

Holdings of more than 20%

Subsidiary undertakings

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.

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

		Capital and reserves 2012 £	Profit/(loss) for the year 2012 £
	Principal activity		
Future Business Enterprise Agency Limited	Supporting the creation of sustainable new enterprise	-	-

9 Debtors

	2012 £	2011 £
Trade debtors	-	177,473
Amounts owed by subsidiary undertakings	14,705	-
Other debtors	173,753	5,577
Prepayments and accrued income	2,881	3,224
	<u>191,339</u>	<u>186,274</u>

10 Current asset investments

	2012 £	2011 £
Investment in Newcastle Bond		
- original liability to bond holders	-	2,920,842
- finance costs accrued	-	880,808
Investment in Wales Bond		
- original liability to bond holders	-	273,804
- finance costs accrued	-	71,531
	<u>-</u>	<u>4,146,985</u>

ALLIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2012

11 Creditors: amounts falling due within one year	2012	2011
	£	£
Bank loans and overdrafts	307,578	401,909
Trade creditors	34,178	252,183
Taxes and social security costs	6,544	15,270
Other creditors	129,625	22,587
Newcastle bond	-	3,801,650
Wales bond	-	345,335
Grant received re Cambridge project deferred	16,479	8,809
Accruals and deferred income	63,531	6,370
	<hr/>	<hr/>
	557,935	4,854,113
	<hr/> <hr/>	<hr/> <hr/>

The aggregate amount of creditors for which security has been given amounted to £307,578 (2011 - £401,909).

The loan from the Co-operative Bank was re-financed in the year and is now repayable over 5 years. The loan attracts interest at 3% over the bank's base rate.

ALLIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2012

12 Creditors: amounts falling due after more than one year	2012	2011
	£	£
Bank loans	90,010	-
Other loans	122,773	230,038
Original liability to bondholders:		
Tomorrow's People	180,783	180,783
East London	528,188	528,188
Cambridge	3,906,283	3,906,283
Charitable Bond Issue 1	1,517,129	1,517,129
Online Bond Issue 2	562,161	-
Finance costs accrued:		
Tomorrow's People	17,912	10,435
East London	38,582	19,735
Cambridge	292,280	123,048
Charitable Bond Issue 1	65,085	-
Charitable Bond Issue 2	12,268	-
	<u>7,333,454</u>	<u>6,515,639</u>
Analysis of loans		
Wholly repayable within five years	<u>234,991</u>	<u>349,613</u>
	234,991	349,613
Included in current liabilities	<u>(22,208)</u>	<u>(119,575)</u>
	<u>212,783</u>	<u>230,038</u>
Loan maturity analysis		
In more than one year but not more than two years	22,208	-
In more than two years but not more than five years	<u>190,576</u>	<u>230,038</u>

The aggregate amount of creditors for which security has been given amounted to £212,783 (2011 - £230,038).

ALLIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2012

12 Creditors: amounts falling due after more than one year

(continued)

Other loans are amounts due to Interserve Construction Limited in respect of their costs in relation to the development of the Future Business Centre. Interest is accruing at 6% per annum and the debt is repayable in full within six months of practical completion of the development which is estimated as Autumn 2013.

The Society has an obligation to repay Tomorrow's People bondholders £219,000 in March 2015. The obligations of the Society to the bondholders have been secured by a charge over the guaranteed investments (see note 8). Interest income accruing is being recognised on a compounded basis over the investment period of 5 years.

The Society has an obligation to repay East London bondholders £625,500 in July 2015. The obligations of the Society to the bondholders have been secured by a charge over the guaranteed investments (see note 8). Interest income accruing is being recognised on a compounded basis over the investment period of 5 years.

The Society has an obligation to repay Cambridge bondholders £5,000,000 in December 2016. The obligations of the Society to the bondholders have been secured by a charge over the guaranteed investments (see note 8). Interest income accruing is being recognised on a compounded basis over the investment period of 6 years.

The Society has an obligation to repay Charitable Bond Issue 1 bondholders £1,871,700 in August 2016. The obligations of the Society to the bondholders have been secured by a charge over the guaranteed investments (see note 8). Interest income accruing is being recognised on a compounded basis over the investment period of 5 years.

The Society has an obligation to repay Charitable Bond Issue 2 bondholders £676,425 in January 2017. The obligations of the Society to the bondholders have been secured by a charge over the guaranteed investments (see note 8). Interest income accruing is being recognised on a compounded basis over the investment period of 5 years.

ALLIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2012

13 Accruals and deferred income

	Government grants £
Balance at 1 September 2011	536,520
Amount due within one year	(7,670)
	<hr/>
Balance at 31 August 2011	528,850
	<hr/> <hr/>

Charitable Industrial and Provident Societies are exempt charities as per Schedule 3 of the Charities Act 2011 and as a result, are not subject to the Charity SORP 2005 or the accounting regulations of the 2011 Act. Consequently, capital grants have to be treated under the provisions of SSAP 4.

If the Society was permitted to follow Charity SORP 2005 the Society would be allowed to recognise the grant in full as income in the year of receipt and create a restricted fund reserve in the balance sheet. However, the Society has to follow SSAP 4 and this requires the society to match income against expenditure incurred to date and relevant depreciation. Income of £545,329 is currently deferred of which £16,479 is due to be recognised as income within one year.

14 Pension and other post-retirement benefit commitments Defined contribution

	2012 £	2011 £
Contributions payable by the company for the year	38,884	26,928
	<hr/>	<hr/>

15 Share capital

	2012 £	2011 £
Allotted, called up and fully paid		
146,190 Ordinary shares of £1 each	146,190	119,190
	<hr/>	<hr/>

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

During the year 28,250 £1 Ordinary shares were issued at par while 1,250 £1 Ordinary shares were redeemed.

ALLIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2012

16 Statement of movements on reserves

	Revaluation reserve	Profit and loss account
	£	£
Balance at 1 September 2011	438,958	420,839
Surplus for the year	-	(201,439)
Revaluation during the year	813,708	-
Depreciation written back	-	8,809
	<hr/>	<hr/>
Balance at 31 August 2012	1,252,666	228,209
	<hr/>	<hr/>

17 Reconciliation of movements in shareholders' funds

	2012	2011
	£	£
Surplus/(deficit) for the financial year	(201,439)	783,780
Other recognised gains and losses	813,708	-
Depreciation written back	8,809	-
Proceeds from issue of shares	28,250	9,880
Reduction in share capital	(1,250)	(20,000)
	<hr/>	<hr/>
Net addition to shareholders' funds	648,078	773,660
Opening shareholders' funds	978,987	205,327
	<hr/>	<hr/>
Closing shareholders' funds	1,627,065	978,987
	<hr/>	<hr/>

18 Contingent liabilities

Allia Limited has been awarded a European Regional Development Fund (ERDF) grant of £3,596,108 from the Department for Communities and Local Government (DCLG) towards the new Future Business Centre. As at the 31 August 2012, £637,606 of this grant had been received. Part of this grant has been offset against the capital cost of the development of the site as required by SSAP4.

There are a number of conditions that Allia Limited have to meet, including completion of the project activities by the anticipated completion date. If Allia Limited default on any of the conditions then DCLG has reserved the right to:

- suspend payment of the grant and/or
- vary the maximum sum awarded and/or
- cease to make payments and (in addition) require Allia Limited to repay whole or any part of the grant previously paid and/or
- terminate the funding agreement.

Consequently as DCLG have reserved the right to recover all or part of the grant a contingent liability exists for the value of the grant received to date.

ALLIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2012

19 Financial commitments

At 31 August 2012 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 August 2013:

	Land and buildings	
	2012	2011
	£	£
Operating leases which expire: In over five years	50,000	30,000

20 Directors' remuneration

	2012	2011
	£	£
Remuneration for qualifying services	12,000	12,000

21 Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

	2012	2011
	Number	Number
Average number of persons	12	10

Employment costs

	2012	2011
	£	£
Wages and salaries	267,002	303,013
Social security costs	26,015	28,636
Other pension costs	38,884	26,928
	<u>331,901</u>	<u>358,577</u>

22 Control

During the year there was no overall controlling party.

ALLIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2012

23 Society status

Under British law Industrial Provident Societies existing for community benefit are classified as exempt charities and do not need to register with the Charity Commission.

24 Post balance sheet events

After the year end Allia Limited entered into a contract in relation to the construction of The Future Business Centre. The total value committed to in relation to this build is £5,500,000. Further information is contained in note 1.1.

25 Related party relationships and transactions

The company has taken advantage of the exemption available in FRS 8 "Related party disclosures" whereby it has not disclosed transactions with any wholly owned subsidiary undertaking.

ALLIA LIMITED
MANAGEMENT INFORMATION
FOR THE YEAR ENDED 31 AUGUST 2012

ALLIA LIMITED

DETAILED REVENUE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2012

	2012	2011
	£	£
Turnover		
Voluntary income	124,475	23,953
Grants	107,587	76,578
Miscellaneous income	2,901	315
Fee income	8,567	75,246
Social Enterprise fee income	130	22,949
Bond proceeds	-	1,236,279
Rent receivable	207,077	256,958
	<u>450,737</u>	<u>1,692,278</u>
Administrative expenses	(640,182)	(883,695)
	<u>(640,182)</u>	<u>(883,695)</u>
Operating (deficit)/surplus	(189,445)	808,583
Other interest receivable and similar income		
Bank interest received	6,045	1,249
Newcastle	33,900	201,603
Sheffield 3	-	33,784
Wales	18,414	19,072
Tomorrow's People	7,477	7,195
East London	18,848	18,221
Cambridge	169,232	123,048
Charitable bond 1	65,085	-
Charitable bond 2	12,268	-
	<u>331,269</u>	<u>404,172</u>
Interest payable		
Bank interest paid	10,539	13,844
Newcastle	33,900	201,603
Sheffield 3	-	33,784
Wales	18,414	19,072
Tomorrow's People	7,477	7,195
East London	18,848	18,221
Cambridge	169,232	123,048
Charitable bond 1	65,085	-
Charitable bond 2	12,268	-
Other interest payable	7,500	12,208
	<u>(343,263)</u>	<u>(428,975)</u>
(Deficit)/surplus on ordinary activities	<u>(201,439)</u>	<u>783,780</u>

ALLIA LIMITED

SCHEDULE OF ADMINISTRATIVE EXPENSES

FOR THE YEAR ENDED 31 AUGUST 2012

	2012	2011
	£	£
Administrative expenses		
Wages and salaries (excl. N.I.)	255,002	291,013
Directors' remuneration	12,000	12,000
Employer's N.I. contributions	26,015	28,636
Staff pension costs	38,884	26,928
Staff training	683	2,241
Rent re operating leases	40,924	30,170
Rates	12,188	7,320
Insurance	9,564	8,356
Light and heat	31,888	48,232
Cleaning	7,761	5,537
Repairs and maintenance	15,429	25,513
Printing, postage and stationery	1,808	7,619
Advertising	3,179	25,208
IT and communications	18,516	16,150
Website development	1,671	11,814
Travelling and subsistence	7,658	15,737
Legal and professional fees	30,422	30,922
Consultancy fees	75,961	118,952
Audit fees	4,400	4,083
Other non-audit fees	4,467	1,250
Bank charges	4,067	4,062
Irrecoverable vat	27,899	51,710
Sundry expenses	5,254	7,337
Reduction/(increase) in work in progress	-	96,914
Depreciation on fixed assets	4,542	5,991
	<hr/>	<hr/>
	640,182	883,695
	<hr/> <hr/>	<hr/> <hr/>
