

ALLIA LTD

Report of the Directors and Financial Statements

for the Year Ended 31 August 2018

ALLIA LIMITED

Contents of the Financial Statements for the Year Ended 31 August 2018

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Allia Limited
Chief Executive's Statement
for the Year Ended 31 August 2018

I must begin with an enormous "Thank You" to the brilliant colleagues who work for Allia and to our super supporters for an exceptional year.

Our reported overall group income increased to nearly £8.0m (2017 £4.6m) thanks in part to the release of £2.75m of deferred income and further strengthening of property income to £1.6m (2017 £1.3m).

In turn, expenditure on charitable activities increased to £5.9m from £4.9m in 2017 enabling us to

- provide support to 523 impact entrepreneurs, initiatives and ventures through the delivery of Serious Impact incubator and accelerator programmes from East London to Cambridge and Peterborough
- increase our London Stock Exchange listed Retail Charity Bond issuance to almost £200m
- increase our issuance of Scottish Government Social Housing Bonds to over £70m, creating a grant fund of over £20m to be donated to further social housing development

With £3.2m total funds carried forward (2017 £1.0m) the Society ended the year well placed to tackle the demands of the 2018/19 accounting period which will see significant ERDF funding coming to an end, the re-financing of the Future Business Centre at Kings Hedges Road and the acquisition, all going to plan, of a small City bond brokerage through which to issue an increasing volume of Retail Charity Bonds.

It is further hoped that planning permission will be granted during the 2018/19 year enabling the expansion, by 70% or so, of space at our Kings Hedges Road site. The planning gain anticipated from the grant of this permission is £1m.

It is a privilege to work with a team of colleagues, and with a group of supporters including J P Morgan Chase, TTP, ARM, Cambridge City Council, the Chamber of Commerce and so many others who so willingly share our values of:

- Community – Recognising that to create thriving communities we can't do it alone and that we benefit from working with others collaboratively – both internally and externally.
- Integrity – Taking pride in what we do and always make sure to do what is right not what is convenient.
- Sustainability – Creating a sustainable society is at the heart of how we behave, think and operate.
- Creativity – Being problem solvers who like big challenges

With my, and the Society's, renewed thanks – we are nothing without our relationships.

Tim Jones
CEO Allia

Allia Limited
Report of the Directors
for the Year Ended 31 August 2018

The Trustee Directors (the "Directors") present their annual report and the audited financial statements for the year ended 31 August 2018.

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

As the Society is an exempt charity, the financial reporting framework that has been applied in the preparation of the accounts is applicable law and the Statement of Recommended Practice (SORP), 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).

OBJECTIVES AND ACTIVITIES

Allia is an independent not for profit organisation with a mission to amplify impact for society. We are dedicated to helping impact organisations, entrepreneurs and initiatives to set-up, grow and develop through inspiring workspaces at our Future Business Centres, effective support through our Serious Impact programme and innovative social finance through Allia Impact Finance. In this year, we have made great progress and are aligning what we do with the UN Sustainability Goals, working towards solving some of the world's greatest challenges.

ACHIEVEMENTS AND PERFORMANCE

Allia Future Business Centres

Our Allia Future Business Centres are the UK's leading spaces for impact entrepreneurs and ventures. We have four Allia Future Business Centres in Cambridge, Peterborough and London – all offering flexible workspace, co-working and a community for people who are creating change. Our newest centre in East London has been operating since June 2017 with the primary focus of delivering our Serious Impact business programme, to date successfully delivering 2 incubator programme cohorts, and 3 accelerator programme cohorts in East London.

Occupancy at all our centres has remained high with 100% office tenancy at Cambridge and 98% at Peterborough. Income from meeting rooms, co-working and virtual office services continues to increase, many areas exceeding the set financial target. Overall, income at all centres has increased compared to the previous financial year.

Grow Kitchen + Bar

The Grow Kitchen + Bar continues to operate from our Allia Future Business Centre in Peterborough. A significant financial investment was made in fitting out and equipping the kitchen and developing the appropriate staffing teams. The team are proactively looking at new ways to improve the offering for our tenants and the wider business community of Peterborough. The site now has an alcohol licence to further that offering. Operating Grow Kitchen + Bar has had some challenges but we are confident that we have create a high quality provision. Expectations are that the next financial year, 2018/19, will see the repayment of this investment in terms of revenues and profitability.

Serious Impact

Allia Serious Impact helps impact entrepreneurs innovate, start up, grow and scale by delivering a range of programmes across Cambridge, Peterborough and East London to entrepreneurs who want to make an impact on people, planet or place.

The accelerator and incubator programmes offer longer term support to established

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entrepreneurs looking to develop their business, while the early stage support enables aspiring entrepreneurs to test and validate their business.

Significant achievements in this financial year included:

- Support provided to 523 impact entrepreneurs, initiatives and ventures.
- The successful delivery of 2 incubator programme cohorts, and 3 accelerator programme cohorts in East London.
- The successful delivery of 4 cohorts of accelerator programmes in Cambridge and ongoing incubator support to high growth ventures

The successful delivery of the Allia community challenge series in Cambridge focusing on issues surrounding mental health and sustainable solutions.

Allia Impact Finance

In May, Allia Impact Finance's Retail Charity Bond platform issued its eighth and largest bond to date, and the second for a charitable care organisation. The bond for Belong Ltd closed early after raising £35 million, with a further £15 million of retained bonds available for the future – enabling Belong to develop additional villages. This takes the total raised to £192.5 million through the platform.

During the year, Allia Impact Finance issued 4 bonds as part of its Scottish charitable bond programme with the Scottish Government. Bonds were issued for Dumfries & Galloway (£5m), Hillcrest (£7m), Lochalsh & Skye (£1m) and Kingdom (£5m) housing associations. This took the total investment from Scottish Government in Allia's bonds over the last four years to over £70 million, which has led to a grant fund of over £20 million available for Scottish Government to donate to funds to support further social housing development. In March, the Scottish Government announced it would increase its 2018/19 budget for charitable bonds by an extra £15 million, taking it to £40 million.

Our people

Allia's growth stabilised in 2017/18 with 49 employees at year end. Our continued work on our engagement journey has focused on 'The 8 Factors of Workplace Engagement'. One particular mention is our work in 'Giving Something Back' which has evolved through our voluntary work days supporting homeless charities in each of our centre locations from deep cleaning a night shelter to packaging soup kitchen items, sorting clothing donations and fundraising for an employee running a half marathon. Other causes on a national and local level such as Arthur Rank Hospice, Save the Children, Macmillan to name a few, have also been supported through fundraising initiatives.

We have also implemented an online cloud-based HR database to include roll out training for all staff on self-service and to those who line manage; commenced designing an intranet site for roll out in 2018/19 to further enhance internal communication and ensure staff have access to organisational information in one place.

Our learning & development has continued with paid membership for all staff to access LinkedIn learning. We have also trained all staff in diversity and unconscious bias and access to mindfulness training provided by two of our ventures based in Peterborough and East London. We have further nurtured apprentices and trainees plus personal and professional development to support our future and our 'grow from within' internal mentality.

Our profile over the year

Allia's profile has grown over the year, partly due to a revitalised marketing team, who are producing much more original content – which is helping to boost the organisation's reach. The number of visitors to all of our websites has risen by 6,710: an increase of

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+12% on the previous year. During this time we have generated 53 articles in-house, with thought-pieces, news releases and blog posts – including 6 videos. Our social media profile has dramatically grown over the year (again through the steady stream of fresh content) – with increased followers on Twitter, Facebook and LinkedIn. Importantly, the figures for engagement are really healthy - there were over 2,200 clicks on our content posted on Twitter, driving traffic to our websites, and over 1,800 likes / 1,100 retweets.

FINANCIAL REVIEW

Income

Overall our income is 72% higher than in 2016/17, which represents continued growth and is encouraging. This includes the release to income of the balance of £2.75 million of the grant from the European Regional Development Fund for the construction of the Future Business Centre in Cambridge

Also of note is the further increase in our property income, with another year of growth of 19%.

Expenditure

Overall costs have increased by 20%, which is manageable given the increased revenues.

Reserves

The Society continues to generate surplus cash to support its operations.

Given the varying income streams, the directors do not have a target level of reserves but they monitor the position regularly to ensure the society has adequate resources.

Going Concern

Since the balance sheet date, the society has successfully renegotiated the re-financing of the Future Business Centre at Kings Hedges Road.

The activities of the subsidiary companies

Allia Limited currently has three active subsidiary companies.

Allia Impact Finance Limited continues to provide origination and administration services for bonds, particularly listed bonds and has continued to increase this activity into non-group activities. Its income for the period ended 31 August 2018 was £519,000 (2017: £373,000) and its expenditure was £74,000 (2017: £155,000), resulting in a profit before tax of £445,000 (2017: £217,000). Any profits made are paid to Allia Limited as Gift Aid.

Future Business Enterprise Agency Limited had no income for the year ended 31 August 2018 and no costs, although some increased activity is anticipated in the year to 31 August 2019.

Allia Social Impact Investments Limited was set up to take over Allia's unlisted bond issue activities and began trading during May 2017. In the period to 31 August 2018, 4 charitable bonds were issued; it had income of £400,000 and costs of £396,000, resulting in a profit of £4,000.

PLANS FOR THE FUTURE

Allia continues to focus on the areas of affordable housing, the silver economy and local energy as key areas to seek a distinctive contribution. We seek to do so in a way that

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for the Year Ended 31 August 2018

harnesses Allia's unique assets and capabilities, particularly its innovative finance skills, array of contacts, entrepreneurialism and determination.

With £3.3m total funds carried forward (2017 £1.3m) the Society ended the year well placed to tackle the demands of the future, which will see significant ERDF funding coming to an end, the re-financing of the Future Business Centre at Kings Hedges Road.

Since the balance sheet date, the Society has exchanged contracts for the acquisition of a small City bond brokerage through which to issue an increasing volume of Retail Charity Bonds; it is hoped that this acquisition will be completed shortly.

It is further hoped that planning permission will be granted during the 2018/19 year enabling the expansion, by 70% or so, of space at our Kings Hedges Road site. The planning gain anticipated from the grant of this permission is £1m.

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
Martin Clark	-	Deputy Chief Executive Officer
Paul Beeson	-	Director of Finance
Paul Hughes	-	Director of Enterprise Support
Phil Caroe	-	Director of Impact Finance
Rachel Coquard	-	Head of Human Resources
Tim Jones	-	Chief Executive Officer

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

Risks and uncertainties

A Risk Register is maintained which records for each area of operation the associated risks.

Allia Limited
Report of the Directors
for the Year Ended 31 August 2018

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 relevant accounting standard, in this case the Charities SORP; and
- make judgments and estimates that are reasonable and prudent.

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

23 January 2019

Allia Limited
Report of the Directors
for the Year Ended 31 August 2018

REFERENCE AND ADMINISTRATIVE DETAILS

DIRECTORS: The Directors are also members of the Society	R Gidoomal (Chairman) T Jones (Deputy Chairman) C Rosenmeyer M Parsons (Places for People Neighbourhoods Nominee Director) H Rosethorn R Trimble P Wright
SECRETARY:	P Caroe
CHIEF EXECUTIVE	T Jones
REGISTERED OFFICE:	Future Business Centre King's Hedges Road Cambridge CB4 2HY
REGISTERED NUMBER:	IP28861R
AUDITORS:	Peters Elworthy & Moore Chartered Accountants and Statutory Auditors Salisbury House Station Road Cambridge CB1 2LA
PRINCIPAL BANKERS:	The Co-operative Bank 75 Burleigh Street Cambridge CB1 1DF
SOLICITORS	Wrigleys 19 Cookridge Street Leeds LS2 3AG

Independent Auditor's Report to the members of Allia Limited

OPINION

We have audited the financial statements of Allia Limited for the year ended 31 August 2018, which comprise the Consolidated Statement of Financial Activities, the Consolidated Balance Sheet, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the Statement of Recommended Practice (SORP), 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).

In our opinion the financial statements:

- give a true and fair view of the state of the Group and Society's affairs as at 30 September 2018 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.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Society in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Society's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. Our opinion on the financial statements does not cover the information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

Independent Auditor's Report to the members of Allia Limited

material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

RESPONSIBILITIES OF DIRECTORS

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

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

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

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

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. The description forms part of our Auditors' Report.

Use of Our Report

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 Auditors' 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

Peters Elworthy - Moore
Peters Elworthy & Moore

Chartered Accountants
Statutory Auditors

Salisbury House
Station Road
Cambridge
CB1 2LA

Date: 28 January 2019

Allia Limited
Consolidated Statement of Financial Activities
for the year ended 31 August 2018

	Notes	Unrestricted Funds £'000	Restricted Funds £'000	Total 2018 £'000	Total 2017 £'000
Income from:					
Charitable activities		7,190	757	7,947	4,618
Generated funds		7	-	7	5
Total income	1	7,197	757	7,954	4,623
Expenditure					
Expenditure on charitable activities		5,018	887	5905	4,913
Total expenditure	2	5,018	887	5905	4,913
Net Surplus/ (deficit) before transfers		2,179	(130)	2,049	(290)
Transfers between funds	14	52	(52)	-	-
Net movement in funds		2,231	(182)	2,049	(290)
Total funds brought forward		876	276	1,152	1,442
Total funds carried forward	14	3,107	94	3,201	1,152

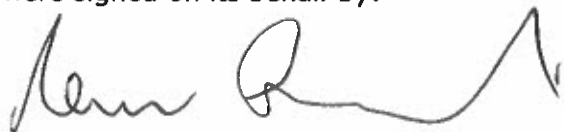
All of the above results are derived from continuing activities.

The notes on pages 16 to 32 form part of these financial statements.

Allia Limited
Industrial and Provident Society (Registration number 28861R)
Consolidated and Society Balance Sheets
as at 31 August 2018

	Notes	Group 2018 £'000	Group 2017 £'000	Society 2018 £'000	Society 2017 £'000
Fixed assets					
Tangible assets	6	7,754	8,181	7,754	8,181
Programme related investments	7	66,485	56,249	46,893	55,022
		<u>74,239</u>	<u>64,430</u>	<u>54,647</u>	<u>63,203</u>
Current assets					
Stock		4	4	4	4
Debtors	9	490	406	697	399
Programme related investments	7	9,930	133	9,930	133
Cash at bank and in hand		2,043	3,534	1,540	3,289
		<u>12,467</u>	<u>4,077</u>	<u>12,171</u>	<u>3,825</u>
Creditors					
Amounts falling due within one year	10	(14,392)	(4,025)	(14,342)	(4,019)
Net current assets / (liabilities)		<u>(1,925)</u>	<u>52</u>	<u>(2,171)</u>	<u>(194)</u>
Total assets less current liabilities		72,314	64,482	52,476	63,009
Creditors					
Amounts falling due after one year	11	(68,985)	(63,202)	(49,144)	(61,724)
Net assets		<u>3,329</u>	<u>1,280</u>	<u>3,332</u>	<u>1,285</u>
Share Capital					
Unrestricted funds					
General funds	14	3,107	876	3,110	881
		3,235	1,004	3,238	1,009
Restricted Funds	14	94	276	94	276
Total		<u>3,329</u>	<u>1,280</u>	<u>2,887</u>	<u>1,285</u>

The financial statements were approved by the Board of Directors on 23 January 2019 and were signed on its behalf by:



R Gidoomal - CHAIRMAN OF DIRECTORS



P Caroe - SECRETARY

The notes on pages 16 to 32 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 2018

	Share capital £'000	Funds £'000	TOTAL £'000
Group			
Balance at 1 September 2016	137	1,442	1,579
Redemption of shares	(9)	-	(9)
Deficit for the year	-	(290)	(290)
Balance at 31 August 2017	128	1,152	1,280
Surplus for the year	-	2,049	2,049
Balance at 31 August 2018	128	3,201	3,329
Society			
Balance at 1 September 2016	137	1,531	1,668
Redemption of shares	(9)	-	(9)
Deficit for the year	-	(374)	(374)
Balance at 31 August 2017	128	1,157	1,285
Surplus for the year	-	2,047	2,047
Balance at 31 August 2018	128	2,759	2,887

The notes on pages 16 to 32 form part of these financial statements.

Allia Limited
Notes to the Financial Statements
for the year ended 31 August 2018

	Notes	2018 £'000	2017 £'000
Net cash generated by operating activities	19	<u>(2,933)</u>	<u>1,513</u>
Cash flows from investing activities			
Cost recovery /(Purchase) of fixed assets		1	(651)
Cash withdrawn from deposit / (placed on deposit)		-	470
Share capital redeemed		-	(9)
Net cash absorbed by investing activities		<u>1</u>	<u>(190)</u>
Cash flows from financing activities			
Interest paid		(126)	(126)
Interest received		67	-
FBC bond issued		2,500	-
FBC Bond repaid		(1,000)	-
Net cash used in financing activities		<u>1,441</u>	<u>(126)</u>
Change in cash in the year		(1,491)	1,197
Cash and cash equivalents at 1 September		<u>3,534</u>	<u>2,337</u>
Cash and cash equivalents at 31 August	20	<u>2,043</u>	<u>3,534</u>

The notes on pages 16 to 32 form part of these financial statements.

Allia Limited
Notes to the Financial Statements
for the year ended 31 August 2018

1. INCOME

	Unrestricted funds £'000	Restricted funds £'000	Total £'000
2018			
Income from charitable activities:			
Bond interest receivable	2,183	-	2,183
Other social finance income	549	-	549
Property income	1,562	-	1,562
Bistro income	142	-	142
Grants	2,754	757	3,511
Income from generated Funds:			
Other income	7	-	7
Interest receivable	-	-	-
	<u>7,197</u>	<u>757</u>	<u>7,954</u>
2017			
Income from charitable activities:			
Bond interest receivable	1,478	-	1,478
Other social finance income	496	-	496
Property income	1,308	-	1,308
Bistro income	37	-	37
Grants	33	1,265	1,298
Income from Generated Funds:			
Other income	1	-	1
Interest receivable	5	-	5
	<u>3,358</u>	<u>1,265</u>	<u>4,623</u>

2. EXPENDITURE ON CHARITABLE ACTIVITIES

	Social finance £'000	Workspace £'000	Enterprise Support £'000	Total 2018 £'000	Total 2017 £'000
Costs allocated directly:					
Bond interest expense	2,183	121	-	2,304	1,604
Staff costs	187	533	418	1,138	831
Other costs	115	1,250	247	1,612	1,623
	<u>2,485</u>	<u>1,904</u>	<u>665</u>	<u>5,054</u>	<u>4,058</u>
Allocation of support costs:					
Staff costs	208	409	-	617	588
Governance	11	27	-	38	38
Other costs	38	158	-	196	229
	<u>257</u>	<u>594</u>	<u>-</u>	<u>851</u>	<u>855</u>
	<u>2,742</u>	<u>2,498</u>	<u>665</u>	<u>5,905</u>	<u>4,913</u>

The Society incurred support costs of £909,000 (2017: £855,000), which have been allocated pro-rata to income.
In 2018 £887,000 of expenditure was from restricted funds and £5,018,000 from unrestricted funds.

Allia Limited
Notes to the Financial Statements
for the year ended 31 August 2018

2. EXPENDITURE ON CHARITABLE ACTIVITIES (continued)

The net surplus for the group (2017: deficit) is stated after charging:

	2018	2017
	£'000	£'000
Depreciation – owned assets	426	307
Operating leases – rent	258	170
Auditor's fees:		
Audit remuneration		
• Society	9	7
• Subsidiaries	6	3
Other fees	2	2
	<u>2</u>	<u>2</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 subsidiary Allia Social Impact Investments Limited is registered with HMRC as a charity and no liability for corporation tax has arisen on its activities.

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

4. BOND INTEREST PAYABLE

	2018	2017
	£'000	£'000
Interest payable on bonds issued to fund loans	2,183	1,478
Interest payable on bond to fund FBC Cambridge	121	126
	<u>2,304</u>	<u>1,604</u>

5. STAFF COSTS

Staff costs include:	2018	2017
	£'000	£'000
Wages and salaries	1,417	1,133
Social security	133	107
Pensions	167	137
	<u>1,717</u>	<u>1,377</u>

Allia Limited
Notes to the Financial Statements
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5. STAFF COSTS (continued)

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

	FTE 2018	Total Staff 2018	FTE 2017	Total Staff 2017
Charitable activities				
Social finance	3	3	3.0	3.0
Workspace	17.9	21.3	13.3	14.9
Enterprise Support	8	9.4	8.0	9.1
	<u>28.9</u>	<u>33.7</u>	<u>24.3</u>	<u>27.0</u>
Support activities				
Finance	4.9	6	2.8	4.0
Operations	3	4.4	3.0	4.3
Marketing	4.2	5.3	4.1	5.2
Executive	0.8	1	0.8	1.0
	<u>12.9</u>	<u>16.7</u>	<u>10.7</u>	<u>14.5</u>
Total	<u>41.8</u>	<u>50.4</u>	<u>35.0</u>	<u>41.5</u>

In 2018 4 employees 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 – 3 employees (2017: two)
- between than £70,001 and £80,000 – 1 employee (2017: nil)

6. TANGIBLE FIXED ASSETS

Group and Society	Land and property £'000	Works of Art £'000	Fixtures, fittings and equipment £'000	Total £'000
COST OR VALUATION				
At 1 September 2017	7,832	62	1,225	9,119
(Cost recovery) / Additions	(56)	-	55	(1)
At 31 August 2018	<u>7,776</u>	<u>62</u>	<u>1,280</u>	<u>9,118</u>
DEPRECIATION:				
At 1 September 2017	478	-	460	938
Charge for the year	126	-	300	426
At 31 August 2018	<u>604</u>	<u>-</u>	<u>760</u>	<u>1,364</u>
NET BOOK VALUE				
At 31 August 2018	<u>7,172</u>	<u>62</u>	<u>520</u>	<u>7,754</u>
At 31 August 2017	<u>7,354</u>	<u>62</u>	<u>765</u>	<u>8,181</u>

Allia Limited
Notes to the Financial Statements
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7. PROGRAMME RELATED INVESTMENTS

	Group		Society	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
<i>Assets due within one year</i>				
Investment in charitable bonds	9,930	133	9,930	133
	<u>9,930</u>	<u>133</u>	<u>9,930</u>	<u>133</u>
<i>Assets due in more than one year</i>				
Investment in charitable bonds	66,485	56,249	46,643	54,772
Subsidiaries (see note 8)	-	-	250	250
	<u>66,485</u>	<u>56,249</u>	<u>46,893</u>	<u>55,022</u>
Total	<u>76,415</u>	<u>56,382</u>	<u>56,823</u>	<u>55,155</u>

	Group 2018 £'000	Society 2018 £'000
Cost or valuation		
At 1 September 2017	53,889	52,668
Additions	18,033	-
Repayments	(113)	(113)
At 31 August 2018	<u>71,809</u>	<u>52,554</u>
Accrued interest		
At 1 September 2017	2,493	2,487
Repayments	(67)	(21)
Charge for the year	2,180	1,802
At 31 August 2018	<u>4,606</u>	<u>4,268</u>
Net Book Value		
At 31 August 2018	<u>76,415</u>	<u>56,823</u>
At 31 August 2017	<u>56,382</u>	<u>55,155</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
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7. PROGRAMME RELATED INVESTMENTS (continued)

	Issue date	Maturity date	Loan amount	Amount repayable	Guarantor
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
Charitable Bond Issue 11	8/12/2016	8/12/2026	£4,999,991	£6,931,276	Co-operative Bank plc
Charitable Bond Issue 12	16/2/2017	16/2/2027	£5,000,008	£6,917,894	Co-operative Bank plc
Charitable Bond Issue 13	16/3/2017	16/3/2027	£5,000,002	£7,148,982	Co-operative Bank plc
Charitable Bond Issue 14	23/3/2017	23/3/2027	£1,325,002	£1,878,095	Co-operative Bank plc
Charitable Bond Issue 15	30/3/2017	30/3/2027	£5,000,014	£7,155,900	Co-operative Bank plc
St John's School *	14/7/2017	14/7/2022	£1,488,300	£1,488,300	NatWest Bank plc
Charitable Bond Issue 16 *	25/1/2018	25/1/2025	£7,000,008	£9,125,082	NatWest Bank plc
Charitable Bond Issue 17 *	14/3/2018	14/3/2028	£5,000,022	£7,162,819	NatWest Bank plc
Charitable Bond Issue 18 *	19/3/2018	19/3/2028	£5,030,026	£7,474,354	NatWest Bank plc
Charitable Bond Issue 19 *	14/3/2018	14/3/2023	£1,000,007	£1,195,749	NatWest Bank plc

* Loans made by Allia Social Impact Investments Limited

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) provides origination and administration services for charitable bonds, particularly listed bonds. Allia Limited holds 100% of the shares.

Allia Limited
Notes to the Financial Statements
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8. INVESTMENT IN SUBSIDIARIES (continued)

Allia Social Impact Investments Limited (incorporated in England and Wales) is an Industrial and Provident Society and therefore there are no shares in issue. However, it is controlled by Allia Limited by virtue of the fact that Allia Limited is the sole member of the society.

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

		Capital and reserves	Profit for the year
		2018	2018
		£'000	£'000
	Principal activity		
Future Business Enterprise Agency Limited	Supporting the creation of sustainable new enterprise	(8)	-
Allia Impact Finance Limited	Provision of origination and administration services	250	445
Allia Social Impact Investments Limited	Issue and holding of bonds and similar products	-	5
		242	450

9. DEBTORS

	Group		Society	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Trade debtors	117	136	113	132
Prepayments and accrued income	45	18	45	18
Other debtors	328	252	215	209
Amounts owed by subsidiaries	-	-	324	40
	490	406	697	399

Allia Limited
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10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Society	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Trade creditors	147	92	142	82
Other creditors	421	342	411	341
FBC bond interest	100	105	100	105
Social security and other taxes	71	51	67	51
Accrued expenses	211	396	202	417
Bond redemption monies	284	2,884	284	2,884
Original liability to bondholders	8,575	113	8,575	113
Finance costs accrued on bonds	1,357	20	1,355	20
Future Business Centre Bond	3,200	-	3,200	-
Amounts owed to subsidiaries	-	-	6	6
Deferred income (note 12)	27	22	-	-
	<u>14,392</u>	<u>4,025</u>	<u>14,442</u>	<u>4,019</u>

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

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

Bond Name	Repayment amount £'000	Repayment date
Charitable Bond Issue 4	10,062	30/01/2019

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

	Group		Society	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Original liability to bondholders	63,234	53,776	43,730	52,304
Finance costs accrued on bonds	3,251	2,473	2,914	2,467
Future Business Centre bond	2,500	4,200	2,500	4,200
Deferred income (note 12)	-	2,753	-	2,753
	<u>68,985</u>	<u>63,202</u>	<u>49,144</u>	<u>61,724</u>

Allia Limited
Notes to the Financial Statements
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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 either part on either the 3rd or 4th anniversary. Interest is due at a rate of 3% per annum and is payable annually on the anniversary of the issue.

For all other bonds, the Society has an obligation to repay the bondholders on the following dates, as shown. In each case the obligations of the Society to the bondholders have been secured over a charge over the guaranteed investments (see note 7). For these bonds, interest income accruing is being recognised on a compounded basis over the investment period.

Bond Name	Repayment amount	Repayment date
	£'000	
Charitable Bond Issue 5	2,020	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
Charitable Bond Issue 11	6,931	8/12/2026
Charitable Bond Issue 12	6,918	16/2/2027
Charitable Bond Issue 13	7,149	16/3/2027
Charitable Bond Issue 14	1,878	23/3/2027
Charitable Bond Issue 15	7,156	30/3/2027
St John's School bond issue *	1,488	14/7/2022
Charitable Bond Issue 16 *	9,125	25/1/2025
Charitable Bond Issue 17 *	7,163	14/3/2028
Charitable Bond Issue 18 *	7,474	19/3/2028
Charitable Bond Issue 19 *	1,196	14/3/2023

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

* Issued by Allia Social Impact Investments Limited

Allia Limited
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12. DEFERRED INCOME

	Group		Society	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
<i>Amounts falling due after more than one year:</i>				
Amount brought forward	2,775	2,753	2,753	2,753
<i>Amounts falling due after less than one year:</i>				
Deferred income released to income	(2,753)	-	(2,753)	-
Fees on bond issued	5	6	-	-
Grants brought forward	-	64	-	48
(Utilised) / received in the year	-	(48)	-	(48)
Amount carried forward	<u>27</u>	<u>2,775</u>	<u>-</u>	<u>2,753</u>

The deferred income relates to performance related grants received from ERDF for the construction of the Future Business Centre. During the year, it was agreed that the performance targets had been met and so the outstanding funds were released to income.

13. SHARE CAPITAL

	2018	2017
	£'000	£'000
Allotted, called up and fully paid	<u>128</u>	<u>128</u>

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

During the year 10 £1 Ordinary shares were issued at par and none were redeemed.

Allia Limited
Notes to the Financial Statements
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14. STATEMENT OF FUNDS

	At 1 September 2017 £'000	Income £'000	Expenditure £'000	Fund Transfer £'000	At 31 August 2018 £'000
<i>Unrestricted funds</i>					
Society general funds	884	6,269	(4,540)	497	3,110
Allia Impact Finance	-	519	(74)	(445)	-
Allia Social Impact Investments	-	409	(404)	-	5
FBEA	(8)	-	-	-	(8)
	<u>876</u>	<u>7,197</u>	<u>(5,018)</u>	<u>52</u>	<u>3,107</u>
<i>Restricted funds</i>					
GreenSoul project	15	23	(27)	-	11
Social Incubator East	5	-	(3)	(2)	-
FBC East London	223	313	(486)	-	50
'Serious Impact'	-	275	(225)	(50)	-
Seas 2 Grow	-	74	(74)	-	-
Scale Up	-	12	(12)	-	-
Water Innovation Network	33	56	(56)	-	33
Cambridge City Council	-	4	(4)	-	-
	<u>276</u>	<u>757</u>	<u>(887)</u>	<u>(52)</u>	<u>94</u>
Total funds	<u>1,152</u>	<u>7,954</u>	<u>(5,905)</u>	<u>-</u>	<u>3,201</u>
Share capital	<u>128</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>128</u>
Total	<u>1,280</u>	<u>7,954</u>	<u>(5,905)</u>	<u>-</u>	<u>3,329</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.

- 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. The transfer, in 2017, from restricted funds for the project represents the assets of the Innovation Laboratory which were funded as part of the project, but which now form part of Allia's available assets.

Allia Limited
Notes to the Financial Statements
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14. STATEMENT OF FUNDS (continued)

- In early 2016, with funding and support from JP Morgan Chase Foundation, Allia completed feasibility research that looked at the opportunity for a Future Business Centre to respond to 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 East London, for small businesses in the area with potential and ambition to grow.
- The GreenSoul pilot with Allia is a European research project into energy efficiency in public buildings. The Future Business Centre Cambridge collaborates with GreenSoul to reduce collective energy consumption, to increase awareness and engage building users to make good energy choices in the daily use of the building.
- SEAS 2 Grow (Silver Economy Accelerating Strategies 2 Grow) is a four-year research project funded by the Interreg 2 Programme which runs from 2016 – 2020. Allia is working on the project with partners across the EU in France, Holland and Belgium to find ways to help older people stay in their homes for longer, safely and independently.
- Scale Up is a collaboration between successful regional cleantech clusters, one of which is Cambridge Cleantech Ltd based at the Future Business Centre Cambridge. This project is co-funded by the European Union and assists Cleantech innovators in accessing large enterprises to support the greening of the economy.
- The Water Innovation Network provides free business support at the Future Business Centre Peterborough to entrepreneurs who want to work with Anglia Water. Allia supports entrepreneurs in bringing ideas forward and developing products or services to pitch to Anglia Water in order to address key issues like climate change.
- Cambridge City Council provides a grant for business support to social enterprises with the greatest potential to address the city's grant priorities and benefitting city residents. This includes identifying new social impact start-ups, working with existing social entrepreneurs and mature social enterprises, and delivering community innovation challenges to address social challenges in the city of Cambridge.

Fund balances at 31 August 2018 are represented as follows:

	General funds £'000	General funds: Bonds £'000	Restricted Funds £'000	Total Funds £'000
Fixed assets	7,754	66,485	-	74,239
Current assets	2,443	9,930	94	12,467
Creditors within one year	(4,462)	(9,930)	-	(14,392)
Creditors after one year	(2,501)	(66,485)	-	(68,985)
Total net assets	<u>3,235</u>	<u>-</u>	<u>94</u>	<u>3,329</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.

Allia Limited
Notes to the Financial Statements
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14. STATEMENT OF FUNDS (continued)

PRIOR YEAR

	At 1 September 2016 £'000	Income £'000	Expenditure £'000	Redeem shares £'000	Fund Transfer £'000	At 31 August 2017 £'000
<i>Unrestricted funds</i>						
Society general funds	1,530	2,985	(4,045)	-	414	884
Allia Impact Finance	(85)	373	(157)	-	(131)	-
FBEA	(8)	-	-	-	-	(8)
	<u>1,437</u>	<u>3,358</u>	<u>(4,202)</u>	<u>-</u>	<u>283</u>	<u>876</u>
<i>Restricted funds</i>						
GreenSoul project	-	43	(28)	-	-	15
Social Incubator East	5	-	-	-	-	5
FBC East London	-	428	(205)	-	-	223
'Serious Impact'	-	655	(372)	-	(283)	-
Seas 2 Grow	-	49	(49)	-	-	-
Scale Up	-	27	(27)	-	-	-
Water Innovation Network	-	56	(23)	-	-	33
Cambridge City Council	-	7	(7)	-	-	-
	<u>5</u>	<u>1,265</u>	<u>(711)</u>	<u>-</u>	<u>(283)</u>	<u>276</u>
Total funds	<u>1,442</u>	<u>4,980</u>	<u>(4,913)</u>	<u>-</u>	<u>-</u>	<u>1,152</u>
Share capital	<u>137</u>	<u>-</u>	<u>-</u>	<u>(9)</u>	<u>-</u>	<u>128</u>
Total	<u>1,579</u>	<u>4,980</u>	<u>(4,913)</u>	<u>(9)</u>	<u>-</u>	<u>1,280</u>

15. COMMITMENTS UNDER OPERATING LEASES

At 31 August 2018, the Group and the Society had future minimum lease payments under non-cancellable operating leases as follows:

	Group		Society	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Land and buildings				
Not later than 1 year	208	205	208	205
Later than 1 year and not later than 5 years	90	298	90	298
Total	<u>298</u>	<u>503</u>	<u>298</u>	<u>503</u>

Allia Limited
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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 £11,444 (2017: £11,929) 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 £179,168 (2017: £136,550).

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:

	2018	2017
	£'000	£'000
Amount due to the Society at 1 September	108	148
Funds transferred during the year	(239)	(148)
Origination fee collected by the Society	0	(25)
VAT due under group VAT registration	3	2
Amount to be paid under deed of covenant	445	131
Amount due to the Society at 31 August	317	108

During the year the Society collected income of £5,000 on behalf of its subsidiary, Allia Social Impact Investments Ltd, which was still outstanding at the year-end.

At 31 August 2018, the Society owed its subsidiary Future Business Enterprise Agency Limited £5,922 (2017: £5,922).

During the year, the Society paid invoices totalling £3,000 on behalf of Retail Charity Bonds plc ("RCB"), an associated company, and charged it a service fee of £34,000. RCB collected income of £191,000 on behalf of Allia and paid £196,000 to Allia, resulting in a balance outstanding at 31 August 2018 of £111,000 (2017: £39,000).

The remuneration of those making up the senior management team during the year, including pension and national insurance costs, was £563,000 (2017: £552,000).

Allia Limited
Notes to the Financial Statements
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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

	2018	2017
	£'000	£'000
Net movement in funds (as per statement of financial activities)	2,049	(290)
Adjustments for:		
Charges for depreciation	426	307
Decrease in debtors	(84)	196
Increase in creditors	(2778)	66
Increase in stock	-	(4)
Interest charged on FBC bond	121	126
Increase in bond redemption liability	(2,600)	1,112
Third party monies received	15,996	28,473
Third party monies paid	(15,966)	(28,473)
 Net cash used in operating activities	 (2,933)	 1,513

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

20. CASH AND CASH EQUIVALENTS

	Group		Society	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Cash in hand	2,043	3,534	1,540	3,289

21. 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 2018 amounted to £3,419,000 (2017: £15,702,000). 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.

Allia Limited
Notes to the Financial Statements
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22. 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.

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

Group financial statements

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

No separate Statement of Financial Activities has been presented for the Society alone. The Society's profit for the financial year was £2,047,000 (2017: deficit of £374,000).

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.

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

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.

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	20% - 33.3% straight line basis
Fixtures, fittings & equipment	20% - 33.3% straight line basis or over length of lease

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Impairment issues are recognised in the Statement of financial activities.

Programme related investments

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

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22. ACCOUNTING POLICIES (continued)

Charitable bonds

Charitable bonds are long term 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.

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. Further information is given in notes 7 and 8

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.

