

KAY'S ATLAS BREWERY P.L.C.

REPORT AND FINANCIAL STATEMENTS

31 December 2016

Company Number 00050374

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KAY'S ATLAS BREWERY P.L.C.

COMPANY INFORMATION

31 December 2016

COMPANY NUMBER	00050374
CHAIRMAN	P. B. Robinson LL.B
DIRECTORS	D. W. Robinson D. J. Robinson B.Sc. N. Robinson-Stanier V. H. Robinson P. A. Robinson O. J. Robinson W. J. Robinson BA (Hons) Dip. Arch. RIBA
SECRETARY	S. X. Robinson LL.B
REGISTERED OFFICE	Unicorn Brewery Lower Hillgate Stockport Cheshire SK1 1JJ
BANKERS	NatWest Bank PO Box 13 10 Great Underbank Stockport Cheshire SK1 1LT
SOLICITORS	SAS Daniels LLP 30 Greek Street Stockport Cheshire SK3 8AD
AUDITORS	RSM UK AUDIT LLP 3 Hardman Street Manchester M3 3HF

KAY'S ATLAS BREWERY P.L.C.

STRATEGIC REPORT Year ended 31 December 2016

Status

The company is a public limited company and all the ordinary share capital is owned by Frederic Robinson Limited.

Income and expenditure

Under a long term agreement all of the Company's public house properties are managed by Frederic Robinson Limited in return for an annual fixed fee of £100,000.

Frederic Robinson Limited incur all the day to day operational costs of the Company's public houses including all expenditure on repairs and rehabilitation.

The income received by the company of £100,000 per annum is sufficient to meet all the day to day company costs including interest leaving a modest annual surplus after corporation tax. Since the income is fixed, the company costs are modest, the quantum of the operating profit is relatively stable.

Property

The property owned by the company is stated at cost and since most property have been owned since the Company was acquired by Frederic Robinson Limited in the period just after World War II the costs are low as compared to current market value.

Where Frederic Robinson Limited sees no economic future for a particular public house the house is put up for sale. In virtually all cases where a house is sold there is a significant book profit arising as the original costs are low. This profit on the sale is credited to the statement of comprehensive income.

Dividend policy

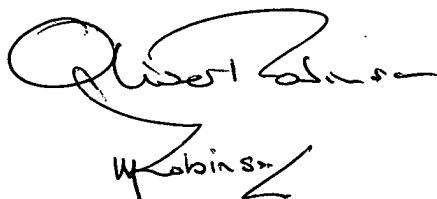
Each year an ordinary dividend is paid to Frederic Robinson Limited of £12,500 (2015: £12,500).

The sale of public houses in the main result in a significant surplus being credited to the statement of comprehensive income. The balance of the profit and loss account is reduced by the payment of an additional dividend in those years where the balance on the intercompany account with Frederic Robinson Limited permit.

On 14 March 2016 an additional dividend of £187,500 was paid (2015: £287,500).

Risks and uncertainty

Since the company holds a property portfolio at cost and receives an agreed income of £100,000 per annum to fund its normal running costs and the day to day operational costs associated with the public houses are the responsibility of Frederic Robinson Limited, there are no significant risks associated with the company's activities.



W. Robinson

10 April 2017

O. J. ROBINSON

Directors

W. J. ROBINSON

KAY'S ATLAS BREWERY P.L.C.

A Subsidiary of

Frederic Robinson Limited

(The Ultimate Holding Company)

Incorporated in England - Company Number 00050374

Directors:

PETER B. ROBINSON, LL.B, CHAIRMAN

DENNIS W. ROBINSON DAVID J. ROBINSON, B.Sc. NEIL ROBINSON-STANIER

VERONICA H. ROBINSON PAUL A. ROBINSON OLIVER J. ROBINSON WILLIAM J. ROBINSON

DIRECTORS' REPORT

The Directors submit their Report and Audited Financial Statements for the year ended 31 December 2016.

Business review and principal activities

The principal activity of the company continues to be the ownership of public houses and hotels. There have been no changes in these activities during the year nor are any changes expected in the forthcoming financial year.

The company income received from its parent company Frederic Robinson Limited is unchanged at £100,000.

There has been one property sale during the year, which raised £149,998 at a profit of £18,681. After the normal costs of running the company the profit attributable to members stands at £121,339 (2015: £169,482) from which ordinary dividends of £12,500 were paid.

The statement of financial position shows shareholders' funds of £297,508 (2015: £376,169) with the changes chiefly reflected in the balance due from Frederic Robinson Limited following the dividends declared in the year.

There have been no significant events since the balance sheet date.

Dividends

During the year the company declared the normal 5% dividends of £6,250 each, being the final dividend for the year to 31 December 2016 and the interim dividend for the year to 31 December 2016. On 14 March 2016 the company also declared an additional ordinary dividend of £187,500.

Directors

The directors who served the company during the year were P. B. Robinson, D. W. Robinson, D. J. Robinson, N. Robinson-Stanier, V. H. Robinson, P. A. Robinson, O. J. Robinson and W. J. Robinson.

Directors' responsibilities in the preparation of the financial statements

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

KAY'S ATLAS BREWERY P.L.C.

DIRECTORS' REPORT continued

Directors' responsibilities in the preparation of the financial statements (continued)

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

In preparing those financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Fixed Assets - Freehold and Leasehold Properties

The company sold property with an original cost of £156,250 in the year. The changes in the company's fixed assets are included in Note 7.

In the opinion of the Directors the market value of the company's properties at the end of the year was in excess of the book amounts but in view of the uncertainty of the property market they are unable to quantify the amount of the excess.

Awareness of information

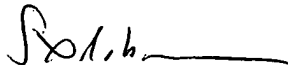
The directors who were in office on the date of approval of these financial statements have confirmed that, as far as they are aware, there is no relevant audit information of which the auditors are unaware.

Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

Auditor

RSM UK Audit LLP has indicated its willingness to continue in office.

By Order of the Board,
S. X. ROBINSON, Secretary


10 April 2017

Unicorn Brewery,
Stockport,
Cheshire
SK1 1JJ

KAY'S ATLAS BREWERY P.L.C.

STATEMENT OF COMPREHENSIVE INCOME Year ended 31 December 2016

	Note	2016 £	2015 £
Turnover	2	100,000	100,000
Administrative expenses	3	<u>(11,452)</u>	<u>(8,462)</u>
Operating Profit		88,548	91,538
Profit on sale of tangible fixed assets	4	18,681	-
Other Income	4	<u>-</u>	<u>10,000</u>
		107,229	101,538
Income from fixed asset investments	4	<u>258</u>	<u>258</u>
		107,487	101,796
Interest payable		<u>(3,960)</u>	<u>(3,960)</u>
Profit on ordinary activities before taxation		103,527	97,836
Tax credit on profit on ordinary activities	5	<u>17,812</u>	<u>71,646</u>
PROFIT FOR THE FINANCIAL YEAR and total comprehensive income		<u>121,339</u>	<u>169,482</u>

The accounting policies and notes on pages 8 to 14 form part of these financial statements.

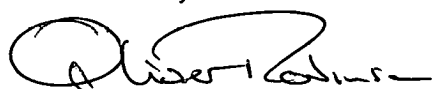
KAY'S ATLAS BREWERY P.L.C.

STATEMENT OF FINANCIAL POSITION at 31 December 2016

Company number: 00050374

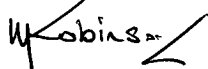
	Note	2016 £	2015 £
FIXED ASSETS			
Tangible assets	7	587,806	724,347
Investments	8	<u>1,935</u>	<u>1,935</u>
		<u>589,741</u>	<u>726,282</u>
CURRENT ASSETS			
Debtors	9	433,864	393,606
CREDITORS			
Amounts falling due within one year	10	<u>(26,196)</u>	<u>(7,305)</u>
NET CURRENT ASSETS		<u>407,668</u>	<u>386,301</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		997,409	1,112,583
CREDITORS AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	11	(79,190)	(79,190)
PROVISIONS FOR LIABILITIES	12	<u>(620,711)</u>	<u>(657,224)</u>
NET ASSETS		<u>297,508</u>	<u>376,169</u>
CAPITAL AND RESERVES			
Called up equity share capital	13	125,000	125,000
Profit and Loss account		<u>172,508</u>	<u>251,169</u>
TOTAL EQUITY		<u>297,508</u>	<u>376,169</u>

The financial statements were approved by the directors and authorised for issue on 10 April 2017 and are signed on their behalf by:



O. J. ROBINSON

Directors



W. J. ROBINSON

The accounting policies and notes on pages 8 to 14 form part of these financial statements.

KAY'S ATLAS BREWERY P.L.C.

STATEMENT OF CHANGES IN EQUITY for the year ended 31 December 2016 Company Number: 00050374

	Note	Share capital £	Profit and loss account £	Total £
Balance at 1 January 2015		125,000	381,687	506,687
Profit for the year		-	169,482	169,482
Total comprehensive income for the year		-	169,482	169,482
Transactions with owners in their capacity as owners:-				
Dividends	6	-	(300,000)	(300,000)
Total transactions with owners in their capacity as owners		-	(300,000)	(300,000)
Balance at 31 December 2015		125,000	251,169	376,169
Profit for the year		-	121,339	121,339
Total comprehensive income for the year		-	121,339	121,339
Transactions with owners in their capacity as owners:-				
Dividends	6	-	(200,000)	(200,000)
Total transactions with owners in their capacity as owners		-	(200,000)	(200,000)
Balance at 31 December 2016		125,000	172,508	297,508

KAY'S ATLAS BREWERY P.L.C.

ACCOUNTING POLICIES

General Information

Kay's Atlas Brewery PLC ("the Company") is a limited company domiciled and incorporated in England.

The address of the Company's registered office and principal place of business is Unicorn Brewery, Stockport, Cheshire, SK1 1JJ.

The Company's principal activities are included in the directors' report.

Basis of Accounting

The financial statements have been prepared under the historic cost convention and in accordance with applicable accounting standards.

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Reduced Disclosures

In accordance with FRS 102, the Company has taken advantage of the exemptions from the following disclosure requirements;

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares
- Section 7 'Statement of Cash Flows' – Presentation of a Statement of Cash Flow and related notes and disclosures
- Section 11 'Basic Financial Instruments' & Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income.
- Section 33 'Related Party Disclosures' – Compensation for key management personnel

The financial statements of the Company are consolidated in the financial statements of Frederic Robinson Limited. The consolidated financial statements of Frederic Robinson Limited are available from Companies House, Crown Way, Maindy, Cardiff, CF12 3UZ.

Functional and Presentational Currencies

The financial statements are presented in sterling which is also the functional currency of the Company.

Turnover

Turnover represents the amount charged, net of VAT, to the parent company for the use of the company's properties.

Investment Income

Where the amount of investment income is uncertain, income is not accrued but is accounted for in the period in which it is received. Where the amount is certain, income is accounted for on a receivable basis.

Investments

Interests in subsidiaries, associated and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

Interests in subsidiaries, associates and jointly controlled entities are assessed for impairment at each reporting date. Any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

KAY'S ATLAS BREWERY P.L.C.

ACCOUNTING POLICIES

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current tax is based on taxable profit for the year. Taxable profit differs from total comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is not discounted.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

For non-depreciable assets measured using the revaluation model and investment properties measured at fair value (except investment property with a limited useful life held by the Company to consume substantially all of its economic benefits), deferred tax is measured using the tax rates and allowances that apply to the sale of the asset or property.

Current and deferred tax is charged or credited in profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Tangible Fixed Assets

Fixed assets are initially recorded at cost. The following rates of depreciation are used to write off the cost of fixed assets over their expected economic life from the date the asset is brought into use.

Freehold and Long Leasehold Land	Nil
Freehold Property - Licensed Premises	Over 50 years
Long Leasehold Property	Over 50 years
Fixtures and Fittings	10%

The carrying values of tangible fixed assets are reviewed for impairment if events, or changes in circumstances, indicate that the carrying value may not be recoverable.

Depreciation on Freehold and Long Leasehold Land

Depreciation is not provided on the cost of land. Land costs have been identified where possible from historic records, however most licensed premises have no separate land costs identifiable. Consequently 35% of the remaining total property value has been attributed to land. The useful economic life of the buildings that form a part of such properties is estimated to be 50 years.

KAY'S ATLAS BREWERY P.L.C.

ACCOUNTING POLICIES

Depreciation on Property

The company has commenced to depreciate Freehold Licensed Property and Long Leasehold Property as from 1 January 1999 over their useful economic life. The useful economic life of the buildings that form a part of such properties is estimated to be 50 years.

At the end of its 50 year useful economic life Freehold Licensed Property and Long Leasehold Property is estimated to have a residual value amounting to 40% of its initial cost and accordingly depreciation over the 50 years useful economic life writes down the value of the Freehold Licensed Property and Long Leasehold Property to its residual value.

Financial Instruments

The Company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102, in full, to all of its financial instruments.

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument, and are offset only when the Company currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial liabilities and equity

Financial instruments are classified as liabilities and equity instruments according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Equity instruments

Financial instruments classified as equity instruments are recorded at the fair value of the cash or other resources received or receivable, net of direct costs of issuing the equity instruments.

Creditors

Creditors payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

Where the arrangement with a creditor constitutes a financing transaction, the creditor is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar instrument.

Derecognition of financial assets and liabilities

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

KAY'S ATLAS BREWERY P.L.C.

NOTES TO THE FINANCIAL STATEMENTS

1 CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. Management have not utilised any significant estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Critical areas of judgement

No critical areas of judgements are made except for the policy for depreciation of properties noted on page 9.

2 TURNOVER

Turnover is all derived from the principal activity in the UK.

3 ADMINISTRATIVE EXPENSES

	2016	2015
	£	£
Operating profit is stated after charging administrative expenses		
Auditor's remuneration	2,000	2,000
Depreciation	5,224	6,437
Other charges	28	25
Legal Fees	4,200	-
	<u>11,452</u>	<u>8,462</u>

There were no Directors' emoluments or staff costs during the year.

4 OTHER INCOME

	2016	2015
	£	£
Profit on disposal of fixed assets	<u>18,681</u>	<u>-</u>
Other Income	<u>-</u>	<u>10,000</u>
Income from debentures in fellow subsidiary	<u>258</u>	<u>258</u>

5 TAXATION

	2016	2015
	£	£
Current tax:		
U.K. Corporation tax @ 20% (2015: 20%)	19,646	944
Adjustments for earlier years	(945)	435
Total current tax	<u>18,701</u>	<u>1,379</u>
Deferred tax:		
Effect of decreased tax rate on opening liability	(36,513)	(73,025)
Total deferred tax	<u>(36,513)</u>	<u>(73,025)</u>
Tax on profit on ordinary activities	<u>(17,812)</u>	<u>(71,646)</u>

KAY'S ATLAS BREWERY P.L.C.

NOTES TO THE FINANCIAL STATEMENTS

5 TAXATION (continued)

Factors affecting tax charge for year:

The taxation assessed for the period is higher than the standard rate of corporation tax as explained below:

	2016 £	2015 £
Profit on ordinary activities before taxation	<u>103,527</u>	<u>97,836</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax for small companies of 20% (2015: 20%)	20,705	19,567
Adjusted by effects of:		
Expenses not deductible for tax purposes	(1,059)	80
Income not taxable and capital gain rolled over	(36,513)	(73,025)
Adjustments from earlier years	(945)	435
Group loss relief claimed	-	(18,703)
	<u>(17,812)</u>	<u>(71,646)</u>

6 DIVIDENDS

The following dividends have been proposed and paid in respect of the year

	2016 £	2015 £
Ordinary Shares:		
Final dividend of 5% paid	6,250	6,250
Interim dividend of 5% paid	6,250	6,250
Additional dividend paid 14 March 2016	<u>187,500</u>	<u>287,500</u>
	<u>200,000</u>	<u>300,000</u>

7 TANGIBLE FIXED ASSETS

	Total £	Properties Freehold £	Long Leasehold £	Fixtures and Fittings £
Cost				
At 1 January 2016	837,525	828,566	8,693	266
Disposal during the year	(156,250)	(156,250)	-	-
At 31 December 2016	<u>681,275</u>	<u>672,316</u>	<u>8,693</u>	<u>266</u>
Depreciation				
At 1 January 2016	113,178	111,756	1,156	266
Charge for the year	5,224	5,156	68	-
Disposals during the year	(24,933)	(24,933)	-	-
At 31 December 2016	<u>93,469</u>	<u>91,979</u>	<u>1,224</u>	<u>266</u>
Net book amount at 31 December 2016	<u>587,806</u>	<u>580,337</u>	<u>7,469</u>	-
Net book amount at 31 December 2015	<u>724,347</u>	<u>716,810</u>	<u>7,537</u>	-

KAY'S ATLAS BREWERY P.L.C.

NOTES TO THE FINANCIAL STATEMENTS

8 INVESTMENTS

	2016	2015
	£	£
Bell & Co. Plc.		
4% perpetual first mortgage debenture stock at Nominal Value	6,450	6,450
Impairment	(4,515)	(4,515)
	<u>1,935</u>	<u>1,935</u>
At net book value as at 31 December		

9 DEBTORS

	2016	2015
	£	£
Amounts owed by parent company	<u>433,864</u>	<u>393,606</u>

10 CREDITORS - amounts falling due within one year

	2016	2015
	£	£
Corporation tax	19,646	945
Other creditors	6,550	6,360
	<u>26,196</u>	<u>7,305</u>

11 CREDITORS - amounts falling due after more than one year

	2016	2015
	£	£
Preference Shares	79,190	79,190
	<u>79,190</u>	<u>79,190</u>

12 PROVISIONS FOR LIABILITIES

	2016	2015
	£	£
At beginning of year	657,224	730,249
Charge for the year	(36,513)	(73,025)
	<u>620,711</u>	<u>657,224</u>

The deferred tax liability is made up as follows:

	2016	2015
	£	£
Rolled over gains	620,711	657,224
	<u>620,711</u>	<u>657,224</u>

KAY'S ATLAS BREWERY P.L.C.

NOTES TO THE FINANCIAL STATEMENTS

13 SHARE CAPITAL

	2016 £	2015 £
Allotted, called up and fully paid		
12,500 Ordinary shares of £10 each	125,000	125,000
7,919 5% Cumulative preference shares of £10 each	<u>79,190</u>	<u>79,190</u>
	204,190	204,190
Less: included within creditors due after more than one year	<u>(79,190)</u>	<u>(79,190)</u>
	<u>125,000</u>	<u>125,000</u>

Preference shares consist of 7,919 5% Cumulative preference shares of £10 each. The Preference shares carry a cumulative right to a dividend of 5%, but have no rights in the event of a winding up beyond the arrears of dividend and repayment of capital. They have no right to vote in general meetings except on the winding up of the company or on the proposed modification of the rights attaching to their preference shares.

14 PARENT COMPANY AND ULTIMATE CONTROLLING PARTIES

The ultimate parent undertaking is Frederic Robinson Limited, a company incorporated in England. The largest and smallest group for which consolidated accounts are prepared is headed by Frederic Robinson Limited. Copies of the group accounts can be obtained from the Registrar of Companies. The ultimate controlling party is the Robinson family directly descended from the late Frederic Robinson.

15 STAFF COSTS

The group's policy of utilising throughout the group a pool of staff employed by the holding company precludes any meaningful calculation of numbers of staff engaged upon work for the company. The total number of employees and employment costs of the group are disclosed in the holding company's accounts.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
KAY'S ATLAS BREWERY P.L.C.

Opinion on financial statements

We have audited the financial statements on pages 5 to 14. 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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements and, based on the work undertaken in the course of our audit, the Strategic report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

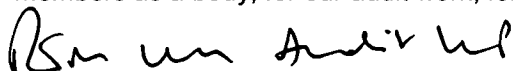
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

Respective responsibilities of directors and auditor

As more fully explained in the Directors' Responsibilities Statement set out on pages 3 to 4, 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 (APB's) Ethical Standards for Auditors.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Dale Thorpe BSc FCA (Senior Statutory Auditor)
For and on behalf of RSM UK AUDIT LLP, Statutory Auditor
Chartered Accountants
3 Hardman Street
Manchester
M3 3HF

10 April 2017