

COMPANY NO: 3720363

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**T. BAILEY FUND MANAGERS LIMITED**

**ANNUAL REPORT & ACCOUNTS**

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**♦ *Year ended 30 September 2011* ♦**

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## **T. Bailey Fund Managers Limited**

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### **COMPANY INFORMATION**

#### **Directors**

N J Forman Hardy      *(Non-executive Chairman)*  
P A Letley              *(Chief Executive Officer)*  
J K Britton             *(Chief Investment Officer) Resigned 26/09/2011*  
Q F Baer                *(Non-executive Director)*  
M Hughes              *(Non-executive Director)*

#### **Company Secretary**

HP Company Secretarial Services Limited  
No. 1 Bede Island Road  
Bede Island Business Park, Leicester  
LE2 7EA

#### **Registered Office**

64 St. James's Street  
Nottingham  
NG1 6FJ

Tel: 0115 988 8200  
Fax: 0115 988 8222  
Web: [www.tbailey.co.uk](http://www.tbailey.co.uk)  
Email: [info@tbailey.co.uk](mailto:info@tbailey.co.uk)

#### **Company Registration Number**

3720363

#### **Financial Services Act Registration**

FSA firm reference number: 190293

#### **Registered Auditor**

Deloitte LLP  
4 Brindleyplace  
Birmingham  
B1 2HZ

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## **T. Bailey Fund Managers Limited**

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### **DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2011**

The directors submit their report and the audited financial statements for the year ended 30 September 2011.

#### **Principal Activities**

The principal activity of the company during the year was the management of a range of collective investment schemes, namely:

- The **T. Bailey Growth Fund** – an authorised unit trust designed to capture the long term potential of equity markets worldwide;
- The **T. Bailey Growth Fund LITE** – an authorised unit trust designed to capture the long term potential of equity markets worldwide within a capped TER via the use of passive investment vehicles;
- The **T. Bailey Dynamic Cautious Managed Fund** – an authorised unit trust designed to out-perform the Investment Management Association ("IMA") Cautious Managed Sector Mean (Total Return) via a combination of income and long term capital growth derived from a mix of asset classes;
- The **T. Bailey Defensive Cautious Managed Fund** – an authorised unit trust launched during the year designed to outperform the IMA Cautious Managed Sector Average on a total return basis over the medium-to-long term with a lower exposure to equities than the Cautious Managed Fund;

These products are available to institutional and retail investors and can be held within various tax wrappers including ISAs and SIPPs. Further information can be obtained from T. Bailey Fund Managers Limited or [www.tbailey.co.uk](http://www.tbailey.co.uk).

#### **Business Review**

The T. Bailey business ("T. Bailey") consists of T. Bailey Asset Management Limited and T. Bailey Fund Managers Limited, although they are run as one operation. T. Bailey Asset Management Limited is responsible for the day to day activities of the operation.

T. Bailey manages a range of unit trusts operating on a fund of funds basis. The fund of funds structure allows the skills and investment abilities of leading fund managers from around the globe to be blended into one offering for investors. T. Bailey promotes its expertise and products principally via financial advisers across the UK.

T. Bailey's Funds under Management ("FuM") started the year at £217m and ended the year at £193m. Net sales for the year were £14.5m of outflows (2010: £16.9m net outflows). The key performance indicators for the company are the level of FuM and the level of net sales into the funds.

The principal risks facing the business remain a continued decline in the levels of markets and the ongoing suppression in investor appetite for investment. In the light of market conditions, the company continues to take steps including:

**DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2011 (Continued)**

- The closure of the **T. Bailey Equity Income Fund** during the year;
- The continued extension of provision of fund administration services to third party partners.

*Financial risk management objectives and policies*

The company's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk. The company does not use derivative financial instruments.

*Credit risk*

The company's debtors are the Funds it manages. Management fees payable to the company are accrued monthly and paid promptly. The company's credit risk is considered to be very low.

*Cash flow risk*

The company maintains significant cash balances. No additional capital is considered necessary to cover the risk that the firm has insufficient financial resources available to enable it to meet its obligations as they fall due.

*Liquidity risk*

As set out above, the company has significant financial resources and is therefore subject to very low liquidity risk.

**Results and Dividends**

The result for the year to 30 September 2011 is set out in the profit and loss account on page 7. The directors do not recommend the payment of a dividend (2010: Nil).

**Directors**

The directors who served during the year are set out on page 1.

**Directors' Responsibilities**

Company 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 company and of the profit or loss of the company for that year. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and 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; and,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue business.

The directors confirm that the above requirements have been met in preparing the financial statements.

**DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2011 (Continued)**

The directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the company and to 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.

**Going Concern**

The company's business activities, together with the factors likely to affect its future development, performance and financial position are set out above

The Company has adequate financial resources. As a consequence, the Directors believe that the company is well placed to manage its business risks successfully.

**Pillar 3 Disclosures**

The company has documented the disclosures required by the FSA under BIPRU 11.3 These can be found at [www.tbailey.co.uk](http://www.tbailey.co.uk).

**Awareness of relevant audit information**

So far as the directors are aware, there is no relevant audit information of which the auditors are unaware. The directors have taken all steps they ought to have to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

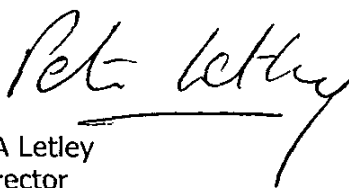
This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

**Auditors**

During the year, the previous auditor Grant Thornton UK LLP resigned as the auditors of the Company. Deloitte LLP has been appointed as auditor of the Company. A resolution to re-appoint Deloitte LLP as auditor will be passed at the next board meeting.

**Approval**

The report of the directors was approved by the Board on 19 January 2012 and signed on its behalf by:

  
P A Letley  
Director

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF T. BAILEY FUND MANAGERS LIMITED**

We have audited the financial statements of T. Bailey Fund Managers Limited for the year ended 30 September 2011 which comprise the Profit and Loss Account, the Balance Sheet, and the related notes 1 to 13. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the 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.

**Respective responsibilities of Directors and Auditors**

As explained more fully in the Directors' Responsibilities Statement, 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 annual 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 30 September 2011 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.

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**T. Bailey Fund Managers Limited**

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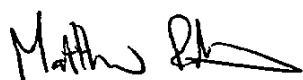
**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Matters on which we are required to report by exception**

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.



Matthew Perkins  
Senior Statutory Auditor  
For and on behalf of Deloitte LLP  
Statutory Auditor, Chartered Accountants  
BIRMINGHAM

**Date**

24 January 2012



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**T. Bailey Fund Managers Limited**

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**PROFIT AND LOSS ACCOUNT  
for the year ended 30 September 2011**

	Notes	Year ended 30 September	Year ended 30 September
		2011 £'000	2010 £'000
<b>Turnover</b>			
Investment management fees		2,215	2,144
Initial commission		3	6
Sundry income		477	377
	3	<u>2,695</u>	<u>2,527</u>
<b>Cost of sales</b>			
Trail commission		<u>(561)</u>	<u>(602)</u>
		(561)	(642)
<b>Gross profit</b>		<u>2,134</u>	<u>1,925</u>
Administrative expenses		<u>(2,134)</u>	<u>(1,923)</u>
<b>Operating Profit</b>	5	0	2
Interest receivable		1	1
<b>Profit on ordinary activities before taxation</b>		<u>1</u>	<u>3</u>
Tax on profit on ordinary activities	6	-	-
<b>Profit after tax for the financial year</b>		<u>1</u>	<u>3</u>

The results of the company relate solely to continuing operations.

There are no recognised gains or losses in the year other than disclosed in the profit and loss account above.

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above, and their historical cost equivalents.

The notes on pages 9 to 12 form an integral part of the financial statements.

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**T. Bailey Fund Managers Limited**

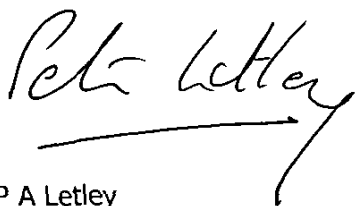
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**BALANCE SHEET**  
**as at 30 September 2011**

	Notes	30 September 2011 £'000	30 September 2010 Restated £'000
<b>Current assets</b>			
Debtors	7	197	215
Cash at bank and in hand		<u>270</u>	<u>271</u>
		467	486
<b>Creditors:</b> Amounts falling due within one year	8	(282)	(302)
<b>Net current assets</b>		<u>185</u>	<u>184</u>
<b>Net assets</b>		<u>185</u>	<u>184</u>
<b>Capital and reserves</b>			
Called up share capital	9	50	50
Profit and loss account	10	135	134
<b>Shareholders' funds</b>	11	<u>185</u>	<u>184</u>

The notes on pages 9 to 12 form an integral part of the financial statements.

The financial statements were approved by the Board on 19 January 2012 and signed on its behalf by:



P A Letley  
Director

Company no: 3720363

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 30 September 2011**

**1. ACCOUNTING POLICIES**

**Basis of accounting**

The financial statements are prepared under the historical cost convention. They have been prepared in accordance with applicable United Kingdom accounting standards, and on a going concern basis.

The balances for the year ended 30 September 2010 have been restated to remove cash, debtors and creditors relating to amounts due to and from the T. Bailey Funds arising on transactions with clients of the T. Bailey Funds. There is no impact on net shareholders funds as a result of this restatement.

**Turnover**

Turnover represents annual management fees from the funds under management. Fee income is recognised on an accruals basis over the period to which it relates.

**Taxation**

The payment of taxation is deferred or accelerated because of timing differences between the treatment of certain items for accounting and taxation purposes. Full provision for deferred taxation is made under the liability method, without discounting, on all timing differences that have arisen, but not reversed by the balance sheet date, unless such provision is not permitted by Financial Reporting Standard 19 'Deferred Tax'.

Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date.

**Expenses**

Included within administrative expenses is the management fee paid by the company to T. Bailey Asset Management for services in relation to the operation of the business. (As disclosed in note 5)

**2. CASH FLOW STATEMENT**

The company is a greater than 90% owned subsidiary of a group whose accounts are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under Financial Reporting Standard 1 (revised 1996) 'Cash Flow Statements'.

**3. TURNOVER**

Turnover comprises fee and commission income from unit trust management.

**4. DIRECTORS AND EMPLOYEES**

T. Bailey Fund Managers Limited has no employees (2010: £nil).

Directors were not remunerated during the year (2010: £nil)

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**For the year ended 30 September 2011****5. OPERATING PROFIT**

Operating profit is arrived at after charging:

	<b>Year ended 30 September 2011 £'000</b>	<b>Year ended 30 September 2010 £'000</b>
Management fee:		
- T. Bailey Asset Management Limited	1,988	1,772
Auditor's remuneration:		
Fees payable to the Company's auditor for the audit of the annual financial statements	11	13
Fees payable to the Company's auditor and its associates for other services		
- Other services relating to tax	-	-
- All other services' manager share of unit trust audit fees	7	7
	<hr/>	<hr/>

The company has entered into agreements with its parent company T. Bailey Asset Management Limited for the provision of services. Under the agreement with T. Bailey Asset Management Limited, operating expenses, but not certain direct costs, are borne by that company in exchange for a management fee.

**6. TAXATION**

The taxation charge for the year was £nil (2010: £nil).

**Current Taxation**

The current taxation charge for the year is different from that resulting from applying the small companies rate of corporation tax in the UK at 20.5% (2010: 21%). The differences are explained below.

	<b>Year ended 30 September 2011 £'000</b>	<b>Year ended 30 September 2010 £'000</b>
Profit on ordinary activities before tax	<hr/> <hr/> 1	<hr/> <hr/> 3
Tax at 20.5%/21% thereon:	1	1
Effects of:		
- Group relief claim	(1)	(1)
Actual current tax charge	<hr/> <hr/> -	<hr/> <hr/> -

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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**For the year ended 30 September 2011****6. TAX****Deferred Tax**

The taxation charge for the year was £nil (2010:£nil) As at 30 September 2011 there were carried forward tax losses of £118,000. Due to uncertainty over the use of these tax losses, no deferred tax has been recognised.

**7. DEBTORS**

	<b>30 September 2011 £'000</b>	<b>30 September 2010 £'000</b>
Amounts due from T. Bailey collective investment schemes	195	175
Other debtors	2	40
	<u>197</u>	<u>215</u>

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

	<b>30 September 2011 £'000</b>	<b>30 September 2010 £'000</b>
Amounts due to T. Bailey Asset Management Limited	161	177
Accruals	121	125
	<u>282</u>	<u>302</u>

**9. SHARE CAPITAL**

	<b>30 September 2011 £'000</b>	<b>30 September 2010 £'000</b>
<b>Authorised</b>		
100,000 ordinary shares of £1 each	<u>100</u>	<u>100</u>
<b>Allotted and fully paid</b>		
50,001 ordinary shares of £1 each	<u>50</u>	<u>50</u>

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**For the year ended 30 September 2011****10. RESERVES**

	<b>30 September 2011 £'000</b>	<b>30 September 2010 £'000</b>
Profit and loss account		
At start of period	134	131
Retained profit for the financial year	1	3
At end of period	<u>135</u>	<u>134</u>

**11. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	<b>30 September 2011 £'000</b>	<b>30 September 2010 £'000</b>
Profit for the period	1	3
Opening shareholders' funds	184	181
Closing shareholders' funds	<u>185</u>	<u>184</u>

**12. RELATED PARTY DISCLOSURES**

As a wholly owned subsidiary, the company is exempt from the requirements of Financial Reporting Standard 8 'Related Party Disclosures' to disclose transactions with other members of the Group headed by Nottingham Industrial Group Limited.

**13. PARENT COMPANY AND ULTIMATE PARENT UNDERTAKING**

The company is a subsidiary of T Bailey Asset Management Limited, incorporated in the United Kingdom. Nottingham Industrial Group Limited is the company's ultimate parent, also incorporated in the UK

As of 30 September 2011, the smallest and largest group of undertakings of which the Company was a member and for which group accounts will be drawn up was that headed by the ultimate parent undertaking Nottingham Industrial Group Limited, a company registered in England and Wales.

Copies of Nottingham Industrial Group Limited's consolidated financial statements can be obtained from the Company Secretary at 64 St. James's Street, Nottingham NG1 6FJ.