COMPANY NUMBER: 06397063

BAILEY HODGE INVESTMENTS LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2016

DIRECTORS' REPORT

The directors present their report together with the financial statements for the year ended 31 October 2016.

1. PRINCIPAL ACTIVITY, BUSINESS REVIEW & FUTURE DEVELOPMENTS

The Company was an investment company which held property, it sold the property during the year.

The results for the year ended 31 October 2016 are shown on page 7.

2. POLITICAL CONTRIBUTIONS

The company made no political contributions during the year.

3. POST BALANCE SHEET EVENTS

There were no post Balance Sheet events to disclose.

4. QUALIFYING THIRD-PARTY INDEMNITY PROVISIONS

The Company has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies' Act 2006. Such qualifying party indemnity provisions remain in force as at the date of approving the director's report.

5. GOING CONCERN

The Going Concern assessment is disclosed in Note 1 of the financials.

6. DIRECTORS

The directors who held office during the year are listed below:

Mr. J. J. Hodge – Chairman

Mr. D. M. Austin

7. DIVIDEND

A dividend of £572,840 (2015: Nil) was paid in the year.

DIRECTORS' REPORT

8. DISCLOSURE OF INFORMATION TO THE AUDITORS

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

In anticipation of the implementation of the EU audit reforms which became effective on 17 June 2016, which require public interest entities to change audit firms who have audited a relevant entity for over twenty years, the Audit Committee on behalf of the Board of The Carlyle Trust carried out a full audit tender, and following the conclusion of that process, Ernst & Young LLP was appointed to replace KPMG LLP.

DIRECTORS' REPORT

9. DIRECTORS' RESPONSIBILITIES STATEMENT

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including Financial Reporting Standard 101 Reduced Disclosure Framework (FRS101)

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 of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

BY ORDER OF THE BOARD

D M Austin
Director

10 April 2017

One Central Square
Cardiff
CF10 1FS

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BAILEY HODGE INVESTMENTS LIMITED

We have audited the financial statements of Bailey Hodge Investments Limited for the year ended 31 October 2016, which comprise the Income Statement, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 15. 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 Financial Reporting Standard 101 'Reduced Disclosure Framework', applicable in the UK and Republic of Ireland.

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 auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 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 Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 October 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 'Reduced Disclosure Framework' applicable in the UK and Republic of Ireland; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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; or
- The Directors' Report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption and therefore does not include a Strategic Report.

Ernst & Young LLP/

Andrew Blackmore (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

Bristol

11 April 2017

INCOME STATEMENT
FOR THE YEAR ENDED 31 OCTOBER 2016

	Note	2016	2015
		£	£
Turnover	3	**25,277**	538,944
Fair value adjustment on investment property		-	800,000
Administrative expenses	4	**256,957**	(632,746)
Operating profit		**282,234**	706,198
Loss on sale of investment property	8	**(357,133)**	-
Interest payable and similar charges	6	**(46,480)**	(208,367)
(Loss)/profit on ordinary activities before taxation		**(121,379)**	497,831
Tax on (loss)/profit on ordinary activities	7	**247,303**	52,941
Profit on ordinary activities after taxation being profit for the financial year		**125,924**	550,772

The above results arise from discontinued activities.

BALANCE SHEET
AS AT 31 OCTOBER 2016

	Note	**2016**	2015
		£	£
Fixed assets			
Investment Properties	**8**	**-**	6,800,000
Current assets			
Debtors	**9**	**224,925**	502,989
Corporation Tax	**9**	**-**	2,136
Deferred Tax	**9**	**-**	20,417
		224,925	525,542
Current Liabilities			
Other Liabilities	**10**	**-**	(6,395,284)
Provision	**11**	**(224,924)**	(483,341)
Net current liabilities		**1**	(6,353,083)
Net assets		**1**	446,917
Capital and reserves			
Called up share capital	**12**	**1**	1
Profit and loss account		**-**	446,916
Shareholder's funds		**1**	446,917

The financial statements were approved by the board of directors on 10 April 2017.

D M Austin
Director

STATEMENT OF CHANGES IN EQUITY

	Called up share capital	Profit and loss account	Total
Year ended 31 October 2016			
At beginning of year	**1**	**446,916**	**446,917**
Dividend Paid	**-**	**(572,840)**	**(572,840)**
Profit for the financial year	**-**	**125,924**	**125,924**
At end of year	**1**	**-**	**1**

	Called up share capital	Profit and loss account	Total
Year ended 31 October 2015			
At beginning of year	1	(103,856)	(103,855)
Profit for the financial year	-	550,772	550,772
At end of year	1	446,916	446,917

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2016

1. ACCOUNTING POLICIES

Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). The amendments to FRS 101 (2014/15 Cycle) issued in July 2015 and effective immediately have been applied.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

In the transition to FRS 101, the Company has applied IFRS 1 whilst ensuring that its assets and liabilities are measured in compliance with FRS 101. An explanation of how the transition to FRS 101 has affected the reported financial position and financial performance of the Company is provided in Note 15.

IFRS 1 grants certain exemptions from the full requirements of Adopted IFRS in the transition period. The following exemptions have been taken in these financial statements;

- Fair value or revaluation as deemed cost-at 1 November 2014, fair value has been used as deemed cost for investment properties previously measured at fair value.

The Company's ultimate parent undertaking, The Carlyle Trust Limited, includes the Company in its consolidated financial statements. The consolidated financial statements of The Carlyle Trust Limited are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from The Registrar of Companies, Companies House, Crown way, Cardiff, CF14 3UZ.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- A Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital and investment properties;
- Disclosures in respect of transactions with members of the group;
- Disclosures in respect of capital management;
- The effects of new IFRSs that have been issued but not yet effective;
- An additional balance sheet for the beginning of the earliest comparative period following reclassification of items in the financial statement; and
- Disclosures in respect of the compensation of Key Management Personnel and related parties..

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2016

The accounting policies set out below have, unless otherwise stated, have been applied consistently to all periods presented in these financial statements and in preparing an opening FRS 101 balance sheet as at 1 November 2014 for the purposes of the transition to FRS 101.

Measurement convention

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: loans and investment property at fair value through profit or loss.

The principal accounting policies which have been consistently applied in the preparation of the financial statements are set out below:

A. TURNOVER

Turnover represents the total amount receivable by the Company in the ordinary course of business with customers in respect of fee and rental income, excluding VAT and trade discounts and is recognised as it is earned.

B. INVESTMENT PROPERTIES

Investment property is property held to earn rentals or for capital appreciation or for both, rather than for sale or use in the business. The Company recognises investment properties initially at cost and subsequently at fair value with any change therein recognised in Income Statement within fair value adjustments.

Fair value is based on valuations by external independent valuers and are performed at least annually to ensure that the fair value of investment properties does not differ materially from its carrying amount.
No depreciation is provided in respect of investment properties applying fair value.

C. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise balances with less than three months' maturity from the date of acquisition, including cash and non-restricted balances with banks.

D. FINANCIAL ASSETS

The Company does not hold any financial assets.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2016

E. TAXATION INCLUDING DEFERRED TAX

Corporation tax on profits for the year comprises current and deferred taxation.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the Balance sheet date.

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred tax assets and liabilities are measured on a non-discounted basis at the tax rates that are expected to apply when the related asset is realised or liability settled based on the tax rates and laws enacted or substantively enacted at the Balance Sheet date.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2016

2. JUDGEMENT IN APPLYING ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES

The Company has to make judgements in applying its accounting policies which affect the amounts recognised in the accounts. In addition, estimates and assumptions are made that could affect the reported amounts of assets and liabilities within the following financial year. The most significant areas where judgement and estimates are made are as follows:

Fair values of Investment Properties
The company uses widely recognised valuation models for determining the fair value of Investment Properties. The fair value of freehold investment properties was determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued.

3. TURNOVER

Turnover is attributable to the holding of investments and properties, and include the following:

	2016	2015
	£	£
Rents receivable	**25,277**	538,944

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2016

4. ADMINISTRATIVE EXPENSES

	2016	2015
	£	£
Audit fee	**-**	3,000
Legal and professional fees	**11,877**	82,874
Management expenses	**6,782**	10,633
Bad debt provision	**(20,137)**	26,248
Sundry expenses	**2,938**	7,002
Provision	**(258,417)**	502,989
	(256,957)	632,746

The company audit fee was £3,500 *(2015: £3,000)*. The 2016 cost was borne in the parent company.

The fees paid to the Auditors in 2015 were paid to KPMG LLP, the previous auditors to the Company. Fees relating to 2016 were paid to Ernst & Young LLP.

5. DIRECTORS AND EMPLOYEES

There were no staff employed by the Company during the year *(2015: none)*, with administration services being provided by a fellow subsidiary undertaking. None of the directors received any remuneration for their services during either year.

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2016	2015
	£	£
Interest payable on loans due to parent undertaking	**46,480**	208,367

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2016

7. TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES

The taxation credit is based on the (loss)/profit for the year and is made up as follows:

	2016	2015
	£	£
Corporation tax		
Current tax on income for the year	**(267,720)**	2,138
Adjustments in respect of prior years	**-**	-
Total current tax	**(267,720)**	(2,138)
Deferred tax		
Deferred tax on income for the year	**20,417**	(56,070)
Adjustments in respect of prior years	**-**	5,267
Total deferred tax	**20,417**	(50,803)
Total tax credit on ordinary activities	**(247,303)**	(52,941)

The rate of corporation tax used in these accounts is 20% *(2015:20.4%)*. The current credit for the period is higher than *(2015: higher than)* this rate. The differences are explained below.

Total tax reconciliation	**2016**	2015
	£	£
(Loss)/profit on ordinary activities before tax	**(121,379)**	497,831
Current tax at 20.0% (2015: 20.4%)	**(24,276)**	101,558
Effect of:		
Investment properties		(163,200)
Indexation allowance	**(220,759)**	
Difference between corporation tax and deferred tax	**(2,268)**	3,434
Adjustments in respect of prior years	**-**	5,267
Total tax credit (see above)	**(247,303)**	(52,941)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2016

8. INVESTMENT PROPERTIES

	£
At 1 November 2015	**6,800,000**
Additions	-
Disposal	(6,800,000)
At 31 October 2016	-

The fair value of freehold investment property was determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The independent valuers provide the fair value of the Company's investment property portfolio every twelve months.

The property was disposed of in December 2015 with net proceeds of £6,857,316 along with a release of prepaid rental income of £414,449 generating a loss on sale of £357,133.

	2016 **£**	2015 £
Rental income from investment properties	**25,277**	538,944
Direct operating expenses from investment properties that generated rental income in year	**(12,477)**	(47,989)
	12,800	490,955

9. DEBTORS

	2016 **£**	2015 £
Amount owed to group undertakings	**224,925**	-
Corporation tax	-	2,136
Rental prepayments	-	502,989
Deferred tax	-	20,417
	224,925	525,542

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2016

10. OTHER LIABILITIES

	2016	2015
	£	£
Amount owed to parent undertakings	-	(6,299,950)
Vat Control Account	-	(51,679)
Accruals	-	(43,655)
	-	(6,395,284)

11. PROVISION

	2016	2015
	£	£
At November	**(483,341)**	19,648
Movement	**258,417**	(502,989)
At October	**(224,924)**	(483,341)

Claims have been intimated against the company. Management believe these are fully provided for.

12. CALLED UP SHARE CAPITAL

	2016	2015
	£	£
Allotted, called up and fully paid		
1 ordinary share of £1 each	**1**	1

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2016

13. CAPITAL COMMITMENTS

The company had no contracted capital commitments at 31 October 2016 *(2015: Nil).*

14. ULTIMATE HOLDING COMPANY

The Company is a subsidiary undertaking of The Carlyle Trust Limited (registered in England and Wales). The ultimate parent undertaking and controller of the company is The Carlyle Trust (Jersey) Limited (incorporated and registered in Jersey).

Within the meaning of the Companies Act 2006, The Carlyle Trust Limited is the parent undertaking of the only group of undertakings for which group accounts have been drawn up and of which the company is a member. The financial statements of The Carlyle Trust Limited can be obtained from: The Registrar of Companies, Companies House, Crown Way, Cardiff, CF14 3UZ.

15. EXPLANATION OF TRANSITION TO FRS 101

As stated in note 1, these are the Company's first financial statements prepared in accordance with FRS 101.

The accounting policies set out in Note 1 have been applied in preparing the financial statements for the year ended 31 October 2016, the comparative information presented in these financial statements for the year ended 31 October 2015 and in the preparation of an opening FRS 101 balance sheet as at 1 November 2014 (the Company's date of transition).

In preparing its FRS 101 balance sheet, the Company has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (UK GAAP). An explanation of how the transition from UK GAAP to FRS 101 has affected the company's financial position and financial performance is set out in the following tables and the notes that accompany the tables.

	Note	2014 UK GAAP £	2014 Effect of Transition to 101	2014 FRS101 £	2015 UK GAAP £	2015 Effect of Transition to 101	2015 FRS101 £
Fixed assets							
Investment property		**6,000,000**	-	**6,000,000**	**6,800,000**	-	**6,800,000**
Current assets							
Debtors		**522,260**	26,337	**548,597**	**360,611**	142,378	**502,989**
Corporation tax		**-**	-	**-**	**2,136**	-	**2,136**
Deferred tax		**-**	-	**-**	**-**	20,417	**20,417**
		522,260	26,337	**548,597**	**362,747**	162,795	**525,542**
Current liabilities							
Corporation tax		**(295)**	-	**(295)**	**-**	-	**-**
Deferred tax		**(30,386)**	-	**(30,386)**	**(38,425)**	38,425	**-**
Other liabilities		**(6,621,771)**	-	**(6,621,771)**	**(6,409,347)**	14,063	**(6,395,284)**
Provision		**-**	-	**-**	**-**	(483,341)	**(483,341)**
Net current liabilities	**(a)**	**(6,130,192)**	26,337	**(6,103,855)**	**(6,085,025)**	(268,058)	**(6,353,083)**
Net (liabilities)/assets		**(130,192)**	26,337	**(103,855)**	**714,975**	(268,058)	**446,917**
Capital and reserves							
Called up share capital		**1**	-	**1**	**1**	-	**1**
Profit and loss account		**(390,647)**	286,791	**(103,856)**	**(345,480)**	792,396	**446,916**
Revaluation reserve	**(b)**	**260,454**	(260,454)	**-**	**1,060,454**	(1,060,454)	**-**
Shareholder's funds		**(130,192)**	26,337	**(103,855)**	**714,975**	(268,058)	**446,917**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2016

Notes to the reconciliation of equity

(a) Net Current Liabilities: As at October 2014 £313,128 was recognised as accrued income and an additional provision was raised of £286,791, which resulted in a decrease to net current liabilities of £26,337. As at 31 October 2015 £406,654 was recognised as accrued income, the deferred tax asset was increased by £58,843 and an additional provision was raised of £733,555, which resulted in a decrease to net current liabilities of £268,058.

(b) Revaluation Reserves: The Revaluation reserve is eliminated under FRS 1 as on first time adoption the value at which the assets are held is deemed to be cost.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2016

		2015		
	Note	**UK GAAP**	Effect of Transition to 101	**FRS101**
		£		**£**
Turnover	**(a)**	**445,417**	93,527	**538,944**
Fair value adjustment on investment property	**(b)**	**-**	800,000	**800,000**
Administrative expenses	**(c)**	**(185,981)**	(446,765)	**(632,746)**
Operating profit		**259,436**	446,762	**706,198**
Interest payable and similar charges		**(208,367)**	-	**(208,367)**
Loss/(Profit) on ordinary activities before taxation		**51,069**	446,762	**497,831**
Tax on profit on ordinary activities		**(5,902)**	58,843	**52,941**
(Loss)/Profit on ordinary activities after taxation being loss/(profit) for the financial year		**45,167**	505,605	**550,772**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2016

Notes to the reconciliation of profit

(a) Accrued income: Under UK GAAP Rental income is determined based on rental income adjusted for rent free periods and lease incentives for the period up to the first break clause for rent reviews. Under IFRS rental income is derived by adjusting for rent free periods and lease incentives over the entire lease period, which is 10 years. This has resulted in an increase in rental income of £93,527 in year to 31 October 2015.

(b) Investment Properties: Under UK GAAP, the Investment properties were held at cost less provisions for impairment. Under IFRS these are now held at fair value which equates to the market value as these are valued externally every twelve months by an independent valuer. The fair value adjustment of £800,000 for the year ending 31 October 2015 reflects the valuation uplift.

(c) Administrative expenses: As a result of recognising additional rental income and the fair value uplift on investment properties, a further £446,764 was accrued under a profit share provision in year to October 2015.