

COMPANY NUMBER: 00390216



HODGE LIMITED

UNAUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2022

DIRECTORS' REPORT

The Directors of Hodge Limited (the "Company") present their report together with the unaudited financial statements for the year ended 30 September 2022.

1. PRINCIPAL ACTIVITY, BUSINESS REVIEW & FUTURE DEVELOPMENTS

The Company is a holding company of a financial services group which contains a bank and until July 2021, a life assurance entity. The Bank is an Authorised Institution under the Financial Services and Markets Act 2000.

The results for the year ended 30 September 2022 are shown on page 3.

2. DIVIDEND

The Company declared and paid a dividend of £2,000,000 (2021: £145,000,000) during the year ended 30 September 2022.

3. POLITICAL CONTRIBUTIONS

The Company made no political contributions during the year.

4. POST BALANCE SHEET EVENTS

There were no post Balance Sheet events to disclose.

5. 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.

6. GOING CONCERN

The going concern assessment is disclosed in Note 1 of the financial statements.

7. DIRECTORS

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

G Hughes – Chairman

H Molyneux – Non-Executive Director (resigned 24 March 2022)

J Barbour – Non-Executive Director

A Wallace – Non-Executive Director

I Laing – Non-Executive Director

D Landen – Director

M Burton – Director

DIRECTORS' REPORT (CONTINUED)

8. 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 (FRS 101).

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 year. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements 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;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in FRS 101 is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and financial performance; 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 Landen
Chief Executive Officer
12 January 2023

**INCOME STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

	Note	Year ended 30 September 2022 £	Year ended 30 September 2021 £
Interest income		1,141	13,234
Administrative expenses	3	(326,059)	(434,623)
Operating loss		(324,918)	(421,389)
Profit on disposal of subsidiary		-	131,914,646
(Loss)/profit on ordinary activities before taxation		(324,918)	131,493,257
Tax credit on profit on ordinary activities	5	1,066	54,391
(Loss)/profit for the year		(323,852)	131,547,648

The above results arise from continuing activities. There were no realised gains/ losses other than those recognised in the Income Statement.

**BALANCE SHEET
AS AT 30 SEPTEMBER 2022**

	Note	2022 £	2021 £
Fixed assets			
Investments in subsidiary undertakings	6	<u>91,045,191</u>	<u>66,045,191</u>
		<u>91,045,191</u>	<u>66,045,191</u>
Current assets			
Cash at bank and in hand		310,480	2,972,258
Debtors	7	<u>1,066</u>	<u>54,392</u>
		<u>311,546</u>	<u>3,026,650</u>
Current liabilities			
Creditors: Amounts falling due within one year	8	<u>(169,297)</u>	<u>(560,549)</u>
Net current assets		<u>142,249</u>	<u>2,466,101</u>
Net assets		<u>91,187,440</u>	<u>68,511,292</u>
Capital and reserves			
Called up share capital	9	91,045,191	66,045,191
Profit and loss account		<u>142,249</u>	<u>2,466,101</u>
Shareholder's funds		<u>91,187,440</u>	<u>68,511,292</u>

For the year ending 30 September 2022, the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

Directors' responsibilities:

- the members have not required the Company to obtain an audit of its accounts for the year in question in accordance with section 476;
- the Directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of the financial statements.

The financial statements on pages 3 to 12 were approved by the Board of Directors on 12 January 2023 and signed on its behalf by:



D Landen
Director

STATEMENT OF CHANGES IN EQUITY

	Called up share capital £	Profit and loss account £	Total £
Year ended 30 September 2022			
At 30 September 2021	66,045,191	2,466,101	68,511,292
Issue of shares	25,000,000		25,000,000
Dividend (Note 10)		(2,000,000)	(2,000,000)
Loss for the financial year	-	(323,852)	(323,852)
At 30 September 2022	91,045,191	142,249	91,187,440

	Called up share capital £	Profit and loss account £	Total £
Year ended 30 September 2021			
At 30 September 2020	66,045,191	15,918,453	81,963,644
Profit for the financial year	-	131,547,648	131,547,648
Dividend (Note 10)	-	(145,000,000)	(145,000,000)
At 30 September 2021	66,045,191	2,466,101	68,511,292

**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

1. ACCOUNTING POLICIES

Basis of preparation

These unaudited financial statements were prepared in accordance with Financial Reporting Standard 101 "Reduced Disclosure Framework" ("FRS 101").

The Company is incorporated and registered in England and Wales.

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-Adopted International Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101).

The Company's immediate 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 IFRS and are available to the public and may be obtained from the Company Secretary. The Carlyle Trust Limited, One Central Square, Cardiff, CF10 1FS.

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;
- Disclosures in respect of transactions with members of the Group;
- Disclosures in respect of capital management;
- The effects of new UK-adopted International Accounting Standards that have been issued but not yet effective;
- 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.

The accounting policies set out below have, unless otherwise stated, have been applied consistently to all years presented in these financial statements

Measurement convention

The financial statements are prepared on the historical cost basis.

Going Concern

The financial statements have been prepared on the going concern basis. The Company has sufficient assets available to settle its liabilities over the period to 31 January 2024 as they fall due. Based on this undertaking the Directors believe that it remains appropriate to prepare the financial statements on a going concern basis.

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022

1. ACCOUNTING POLICIES (CONTINUED)

Standards and interpretations effective for the Company in these financial statements:

The Company has considered a number of amendments to published UK-adopted International Accounting Standards effective for the year ended 30 September 2022. They are either not relevant to the Company or do not have a significant impact on the Company's financial statements.

Summary of significant accounting policies

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

Interest income

Interest income consists of interest earned from Cash at bank and in hand.

Financial instruments

Recognition

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Purchases and sales of financial assets are recognised on the date on which they are settled.

Financial assets

Under IFRS 9, there are three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL).

The Company has determined that under IFRS its financial assets are classified as follows:

- Debtors and cash at bank and in hand - amortised cost.

The Company does not hold any financial instruments that are classified and measured at FVTPL or FVOCI.

To classify financial assets the Company performs two assessments to evaluate the business model in which financial assets are managed and their cash flow characteristics.

The 'business model assessment' is performed on an asset class basis and determines whether the Company's objective is to generate cash flows from collecting contractual cash flows, or by both collecting contractual cash flows and selling financial assets.

The assessment of cash flow characteristics determines whether the contractual cash flows of the financial asset are solely payments of principal and interest on the principal amount outstanding (SPPI). The SPPI test is performed at an instrument level based on the contractual terms of the instrument at initial recognition.

**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

1. ACCOUNTING POLICIES (CONTINUED)

For the purposes of the SPPI test, principal is defined as the fair value of the financial asset at initial recognition. Interest is defined as consideration for the time value of money and credit risk associated with the principal amount outstanding and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a reasonable profit margin.

A financial asset is classified as measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are SPPI.

Financial assets not classified as measured at amortised cost or FVOCI are classified as FVTPL.

Initial measurement of financial assets is as follows:

- Debtors and cash at bank and in hand: initially measured at fair value plus incremental direct transaction costs.

Subsequent measurement of financial asset categories held by the Company is as follows:

- Debtors and cash at bank and in hand: subsequently measured at amortised cost *using the effective interest rate method*.

Financial liabilities

Under IFRS 9, there are two principal classification categories for financial liabilities: measured at amortised cost and FVTPL.

The Company has determined that under IFRS its financial liabilities are classified as follows:

- Creditors: amortised cost.

Initial measurement of financial assets is as follows:

- Creditors: initially measured at fair value less incremental direct transaction costs.

Subsequent measurement of financial liability categories held by the Company is as follows:

- Creditors: subsequently measured at amortised cost using the effective interest rate method.

Loss allowances in the Balance Sheet

Under IFRS 9, there is a requirement to assess where a provision is required for all assets held at amortised cost. No impairment provision is held against debtors or cash at bank and in hand under IFRS 9 due to the low risk of default in these asset classes and the immaterial nature of the provision required.

Loss allowances for financial assets measured at amortised cost are presented as a deduction from the gross carrying amount of the financial asset.

Investments in subsidiary undertakings

The Company's investment in its subsidiary is recognised on the Balance Sheet at cost, less where appropriate, provisions for impairment.

**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

1. ACCOUNTING POLICIES (CONTINUED)

Cash at bank and in hand

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

Taxation

Corporation tax on profits for the year comprises current 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. Where group relief is received or surrendered from or to a group company, the corresponding liability or asset is settled in full.

Corporation tax is charged directly to the Income Statement.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from the proceeds.

**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 financial statements. In addition, estimates and assumptions are made that could affect the reported amounts of assets and liabilities within the following financial year. The Directors do not consider there to be any significant accounting judgements or critical accounting estimates applied in the preparation of these financial statements.

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022

3. ADMINISTRATIVE EXPENSES

	Year ended 30 September 2022 £	Year ended 30 September 2021 £
Other Professional Charges	323,059	431,623
Direct Investment Recharge	3,000	3,000
	326,059	434,623

4. DIRECTORS AND EMPLOYEES

There were no staff employed by the Company during the period (2021: none), with administration services being provided by a fellow subsidiary undertaking. None of the Directors received any remuneration for their services during either year.

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

The taxation expense is based on the profit for the year and is made up as follows:

	Year ended 30 September 2022 £	Year ended 30 September 2021 £
UK Corporation tax		
Current tax credit on profit for the year	1,066	54,391
Total credit on ordinary activities	1,066	54,391

The rate of corporation tax used in these accounts is 19.0% (2021: 19.00%). The current credit for the year is lower than (2021: higher) this rate.

	2022 £	2021 £
Total tax reconciliation		
(Loss)/Profit on ordinary activities before tax	(324,918)	131,493,257
Current tax at 19% (2021: 19.00%)	(61,734)	24,983,719
Income not taxable for tax purposes	(462)	(25,063,782)
Expenses not deductible for tax purposes	61,130	25,672
Total tax credit (see above)	(1,066)	(54,391)

**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

6. INVESTMENTS IN SUBSIDIARY UNDERTAKINGS

	<u>£</u>
At 1 October 2021	66,045,191
Additions	25,000,000
At 30 September 2022	<u>91,045,191</u>

The Company's subsidiary undertaking are as follows:

Subsidiary undertaking	Country of incorporation	Principal Activity	Class and percentage of shareholding
Julian Hodge Bank	United Kingdom	Bank	100%

The registered address is One Central Square, Cardiff, CF10 1FS.

On 22 June 2022, the Company invested £25,000,000 in Julian Hodge Bank Limited.

7. DEBTORS

	<u>2022</u> <u>£</u>	<u>2021</u> <u>£</u>
Group relief	<u>1,066</u>	<u>54,392</u>
	<u>1,066</u>	<u>54,392</u>

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>2022</u> <u>£</u>	<u>2021</u> <u>£</u>
Amounts owed to UK parent	<u>165,547</u>	391,799
Other creditors	-	165,000
Accruals and deferred income	<u>3,750</u>	<u>3,750</u>
	<u>169,297</u>	<u>560,549</u>

The amounts owed to the UK parent is owed to The Carlyle Trust Limited, the balance accrues no interest and is repayable on demand.

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022

9. CALLED UP SHARE CAPITAL

	2022	2021
	£	£
Allotted, called up and fully paid ordinary shares of £1 each	<u>91,045,191</u>	<u>66,045,191</u>

On 22 June 2022, the Company issued 25,000,000 ordinary shares of £1 each at par to its parent, The Carlyle Trust Limited.

10. DIVIDENDS

	2022	2021
	£	£
Aggregate amount of dividends paid in the financial year	<u>2,000,000</u>	<u>145,000,000</u>

11. CAPITAL COMMITMENTS

The Company had no contracted capital commitments at 30 September 2022 (2021: £nil).

12. CONTINGENT LIABILITIES

There were no contingent liabilities at 30 September 2022 (2021: £nil).

13. 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), a company controlled by a Hodge family trust, whose sole natural trustee is Jonathan Hodge.

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 Company Secretary, The Carlyle Trust Limited, One Central Square, Cardiff, CF10 1FS.