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NOBLE GROSSART INVESTMENTS LIMITED

Report and Accounts
31st January 2017



NOBLE GROSSART INVESTMENTS LIMITED

Directors

Sir Angus Grossart QC CBE LLD D Litt FRSE DL
Roger Brown BA CA

Managers and Secretaries

Noble Grossart Limited

Registered Office

48 Queen Street
Edinburgh EH2 3NR

Registered Number

46538

NOBLE GROSSART INVESTMENTS LIMITED

The directors present the Directors' Report, the Strategic Report and the accounts of the company (registered number 46538) for the year ended 31st January 2017 which show the state of the company's affairs and profit for the year.

Directors' Report

Directors

The directors of the company as at 31st January 2017 were as stated on page 1. Sir Angus Grossart and Roger Brown are directors of Noble Grossart Limited who are the managers and secretaries of the company.

Directors' responsibilities

The directors are responsible for preparing the Directors' Report, the Strategic Report and the accounts in accordance with applicable law and regulations.

Company law requires the directors to prepare accounts for each financial year. Under that law they have elected to prepare the accounts in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Under company law the directors must not approve the accounts 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 accounts, 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 accounts; and prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

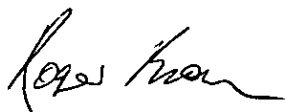
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the accounts comply with the Companies Act 2006. 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.

Disclosure of information to auditor

The directors who held office at the date of approval of the Directors' Report confirm, that so far as they are aware, there is no relevant audit information of which the auditor is unaware and each director has taken the steps 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.

Ultimate holding company

Noble Grossart Holdings Limited, which is registered in Scotland, owns forty per cent of the issued capital of the company and all of the issued capital of Noble Grossart Limited, which owns the remaining sixty per cent. There has been no change in these shareholdings during the year.



By order of the Board
Roger Brown - Director
Noble Grossart Limited,
Secretaries

3rd March 2017

NOBLE GROSSART INVESTMENTS LIMITED

Strategic Report

Activities and status

During the year Noble Grossart Investments Limited continued to hold part of the resources and working capital of the Noble Grossart Holdings group, a merchant banking group.

Results

The profit for the year before taxation, after charging all operating expenses and after making all necessary provisions amounted to £36,170,422 (2016 £10,641,787). The profit after taxation amounted to £31,347,016 (2016 £10,663,651). Interim dividends of £5,500,000 (2016 £2,645,000) were paid during the year. No final dividend has been declared. The profit after dividend for the year of £25,847,016 (2016 £8,018,651) has been added to reserves.

Review of business

The company's main business is to hold part of the resources and working capital of the Noble Grossart Holdings group, a merchant banking group, including listed, unlisted and other securities. A key performance indicator which the directors consider for the company is the overall return, which includes unrealised gains on listed investments in the year of £19,650,125 (2016 loss of £252,540), and reflects the impact of realisations and provisioning against specific investments.

The principal risks of our business are:

Operational

This includes the risk of events occurring which could adversely impact on our ability to function. Controls and procedures are in place to reduce operational risks and include staff back up and disaster recovery plans as well as internal controls to minimise the risk of errors.

Investment


This risk is managed by undertaking extensive due diligence and close monitoring of the performance of investments. Provisions are made against investments, where appropriate, in determining their fair value.

Liquidity

This risk is managed by maintaining high levels of cash and by forward planning to ensure operational flexibility and choice.

Credit

This is the risk that loans are not repaid. Money market loans are made only to financial institutions authorised by the Financial Conduct Authority. We review the credit status of institutions to which we may make money market loans on a regular basis. Commercial loans are made to customers whom we know. All loans are subject to regular review.



By order of the Board
Roger Brown - Director
Noble Grossart Limited,
Secretaries

3rd March 2017

NOBLE GROSSART INVESTMENTS LIMITED

**PROFIT AND LOSS ACCOUNT AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31st JANUARY 2017**

| | Note | 2017 £ | 2016 £ |
|--|------|--------------------------|------------------------|
| Income | 2 | 14,820,171 | 9,084,286 |
| Administrative expenses | 3 | (563,546) | (557,132) |
| | | <hr/> | <hr/> |
| Gain on investment activities | 4 | 14,256,625 21,913,797 | 8,527,154 2,114,633 |
| | | <hr/> | <hr/> |
| Profit on ordinary activities before taxation | | 36,170,422 | 10,641,787 |
| Taxation (charge) / credit on profit on ordinary activities | 5 | (4,823,406) | 21,864 |
| | | <hr/> | <hr/> |
| Profit on ordinary activities after taxation/ Total comprehensive income for the year | | 31,347,016 | 10,663,651 |
| | | <hr/> | <hr/> |

There is no comprehensive income other than the profit after taxation of £31,347,016 (2016 £10,663,651), all of which arises from continuing activities.

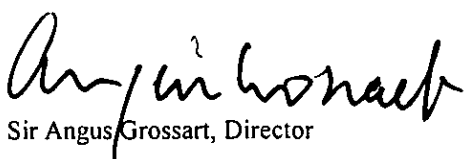
The notes on pages 7 to 12 form part of these financial statements.

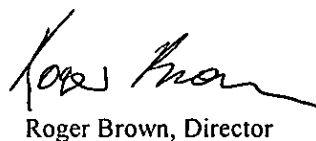
NOBLE GROSSART INVESTMENTS LIMITED

**BALANCE SHEET
AS AT 31st JANUARY 2017**

| | Note | 2017 £ | 2016 £ |
|---|------|-------------|-------------|
| Fixed assets | | | |
| Investments | 6 | 193,098,483 | 151,051,579 |
| Current assets | | | |
| Amount owed by parent company | | 32,832,760 | 40,325,462 |
| Loans | | - | 3,308,000 |
| Prepayments and accrued income | | 39,635 | 54,798 |
| Cash at bank and on deposit | | 13,683,035 | 16,239,459 |
| | | <hr/> | <hr/> |
| | | 46,555,430 | 59,927,719 |
| Creditors - amounts falling due within one year | 8 | (1,103,123) | (1,258,755) |
| | | <hr/> | <hr/> |
| Net current assets | | 45,452,307 | 58,668,964 |
| | | <hr/> | <hr/> |
| Total assets less current assets | | 238,550,790 | 209,720,543 |
| Provisions for liabilities and charges | | | |
| Deferred tax | 9 | (7,758,022) | (4,774,791) |
| | | <hr/> | <hr/> |
| Net assets | | 230,792,768 | 204,945,752 |
| | | <hr/> | <hr/> |
| Capital and reserves | | | |
| Called up share capital | 10 | 2,227,500 | 2,227,500 |
| Share premium account | | 1,709,195 | 1,709,195 |
| Profit and loss account | | 226,856,073 | 201,009,057 |
| | | <hr/> | <hr/> |
| Equity shareholders' interest | | 230,792,768 | 204,945,752 |
| | | <hr/> | <hr/> |

The accounts on pages 4 to 12 were approved by the board of directors on 3rd March 2017.


Sir Angus Grossart, Director


Roger Brown, Director

The notes on pages 7 to 12 form part of these financial statements.

NOBLE GROSSART INVESTMENTS LIMITED

STATEMENT OF CHANGES IN EQUITY

For the year ended 31st January 2017

| | Called up share capital £ | Share premium account £ | Profit and loss account £ | Total equity £ |
|--|------------------------------------|----------------------------------|------------------------------------|----------------------|
| At 31 January 2015 | 2,227,500 | 1,709,195 | 192,990,406 | 196,927,101 |
| Profit & comprehensive income for the year | - | - | 10,663,651 | 10,663,651 |
| Dividends | - | - | (2,645,000) | (2,645,000) |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Balance at 31 January 2016 | 2,227,500 | 1,709,195 | 201,009,057 | 204,945,752 |
| Profit & comprehensive income for the year | - | - | 31,347,016 | 31,347,016 |
| Dividends | - | - | (5,500,000) | (5,500,000) |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Balance at 31 January 2017 | 2,227,500 | 1,709,195 | 226,856,073 | 230,792,768 |

The notes on pages 7 to 12 form part of these financial statements.

NOBLE GROSSART INVESTMENTS LIMITED

Notes on accounts

1. Accounting policies

The accounts are prepared in accordance with Financial Reporting Standard 102, The Financial Reporting Standard applicable in the UK and republic of Ireland (FRS 102).

The accounts have been prepared on a going concern basis under the historical cost convention (as modified by the statement of listed investments, and where appropriate, unlisted investments, at fair value) and in accordance with applicable UK accounting standards and the Companies Act 2006. The company's ultimate holding company is Noble Grossart Holdings Limited and the cash flows of the company are included in the consolidated cash flow statement of that company. The company is also exempt, under the terms of FRS 102 Section 33 Related Party Disclosures, from disclosing related party transactions with companies in the Noble Grossart Holdings group.

The following accounting policies have been used.

Revenue recognition

Dividend income from investments is credited to revenue when the company has a right to receive it.

Interest receivable and payable

Interest receivable and payable is accrued on a daily basis with the exception of interest on non-performing loans which is credited to revenue when received.

Taxation

The charge for taxation is based on the profit for the year and takes into account deferred tax which is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date.

Accounting estimates, assumptions and judgements

The preparation of the accounts requires the use of estimates, assumptions and judgements. These estimates, assumptions and judgements affect the reported amounts of assets and liabilities, at the reporting date as well as the reported income and expense for the year. While estimates are based on management's best knowledge and judgement using information and financial data available to them, the actual outcome may differ from these estimates. The key sources of estimation and uncertainty are disclosed in note 6, and relate to management's impairment assessment of investments held at cost or amortised cost, and the assumptions used in management's determination of the fair value of unlisted investments.

Financial instruments

Bank and building society deposits maturing within one year of the balance sheet date are recognised in the balance sheet at the amount placed on deposit, along with interest accrued.

Investments in listed ordinary shares are individually measured at the closing quoted bid prices at the balance sheet date, and all changes in market value are recognised in the profit and loss account.

Investments in unlisted ordinary shares are individually measured at their fair value, where this is a reliable measure. Information used in determining fair value is included in note 6. Where there is no reliable measure of fair value, then the investment is valued at cost less impairment. Changes in the fair value are recognised in the profit and loss account.

Debt instruments (loans) are individually measured at their amortised cost, less impairment provision, where appropriate. At each reporting date, management assess whether there is objective evidence of impairment of any investments in debt instruments. Any impairment losses identified are recognised in the profit and loss account in the period where impairment is identified.

In certain cases the group's investments exceed twenty per cent of the nominal value of capital of the companies in which it has invested: these are investments that form a part of an investment portfolio and are held exclusively with a view to subsequent resale. Consequently, and in accordance with FRS 102, they are measured at fair value. The investment in the company's ultimate holding company, Noble Grossart Holdings Limited, is accounted for at cost less impairment.

NOBLE GROSSART INVESTMENTS LIMITED

Notes on accounts (continued)

1. Accounting policies (continued)

Cash and cash equivalents

Cash comprises deposits banks and building societies maturing within one year and cash in hand.

Foreign Currency

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Where foreign investments are financed by loans denominated in foreign currency, the exchange movements relating to these transactions are matched in reserves. Transactions during the year have been converted into sterling at the rates of exchange ruling on the dates of the transactions. All other foreign exchange differences are taken to the profit and loss account.

Dividends paid

Dividends paid and payable are recognised at the point they become irrevocable.

| 2. Income | 2017 £ | 2016 £ |
|---|------------|-------------|
| Income from investments: | | |
| Listed | 3,038,638 | 2,245,752 |
| Unlisted | 8,760,538 | 4,816,554 |
| Interest | 993,288 | 1,117,583 |
| Foreign exchange gains | 2,005,779 | 878,166 |
| Other income | 21,928 | 26,231 |
| | <hr/> | <hr/> |
| | 14,820,171 | 9,084,286 |
| | <hr/> | <hr/> |
| 3. Administrative expenses include: | 2017 £ | 2016 £ |
| Directors' fees | 6,750 | 6,750 |
| Auditor's remuneration - audit services | 18,408 | 21,655 |
| Management fee | 500,000 | 500,000 |
| | <hr/> | <hr/> |
| 4. Gain on investment activities | 2017 £ | 2016 £ |
| Profit on sale of investments | 1,428,867 | 8,251,884 |
| Increase/(decrease) in market value of listed investments | 19,650,125 | (252,540) |
| Movement in fair value of unlisted investments | 883,141 | (2,584,467) |
| Impairment losses | (48,336) | (3,300,244) |
| | <hr/> | <hr/> |
| | 21,913,797 | 2,114,633 |
| | <hr/> | <hr/> |

NOBLE GROSSART INVESTMENTS LIMITED

Notes on accounts (continued)

5. Taxation

| | 2017 £ | 2016 £ |
|--|-------------|-------------|
| Corporation tax on profit at 20% per cent (2016 20.16 per cent) | (457,622) | (221,178) |
| Overseas tax | (1,431,129) | (703,643) |
| Over / (under) provision of tax in previous year | | |
| Corporation tax | 41,006 | 153,892 |
| Overseas tax | 7,570 | 1,887 |
| | <hr/> | <hr/> |
| | (1,840,175) | (769,042) |
| Deferred taxation | | |
| Origination and reversal of timing differences | (3,699,450) | 746,734 |
| Change in tax rate | 716,219 | 44,172 |
| | <hr/> | <hr/> |
| | (4,823,406) | 21,864 |
| | <hr/> | <hr/> |
| The tax (charge)/credit for the year is higher than the standard rate of corporation tax (20 per cent) as follows: | | |
| Profit on ordinary activities at the standard rate of corporation tax (2016 20.16 per cent) | (7,234,084) | (2,145,384) |
| Effects of: | | |
| Non-taxable items | 3,061,881 | 2,444,302 |
| Adjustments to tax charge in respect of previous years | 48,576 | 155,779 |
| Overseas tax | (1,431,129) | (703,643) |
| Utilisation of tax losses | 15,131 | 226,638 |
| Effect of change in tax rate | 716,219 | 44,172 |
| | <hr/> | <hr/> |
| | (4,823,406) | 21,864 |
| | <hr/> | <hr/> |

6. Investments

| | Listed Investments | ----- Unlisted investments ----- | | | |
|--------------------------------------|-----------------------|-------------------------------------|---|--|-------------|
| | | Shares measured at fair value | Debt instruments at amortised cost | Shares measured at cost less impairment | Total |
| | £ | £ | £ | £ | £ |
| At 1st February 2016 | 80,430,521 | 57,427,908 | 4,353,467 | 8,839,683 | 151,051,579 |
| Additions | 19,697,338 | 10,511,780 | - | 430,497 | 30,639,615 |
| Disposals / repayments | - | (2,855,152) | (1,555,556) | (4,666,933) | (9,077,641) |
| Change in market value or fair value | 19,650,125 | (2,601,346) | 3,484,487 | - | 20,533,266 |
| Impairment losses | - | - | - | (48,336) | (48,336) |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| At 31st January 2017 | 119,777,984 | 62,483,190 | 6,282,398 | 4,554,911 | 193,098,483 |

Listed investments

FRS 102 requires that listed investments are shown at an aggregate value which is the individual bid market closing price of each share at 31 January 2017. This amounted to £119,777,984 (2016: £80,430,521).

Notes on accounts (continued)

6. Investments (continued)

Unlisted investments

Investments in unlisted ordinary shares are measured at their fair value, where this is a reliable measure. In determining fair value, earnings, net assets, liquidity, the price of identical quoted shares, the price of recent transactions in identical assets and the price of recent arms' length transactions for the shares are taken into account, where appropriate. Where there is no reliable measure of fair value, then the investment is valued at cost less impairment.

Included in unlisted investments at a cost of £1,328,752 (2016 £1,328,752), is a holding of 75,000 ordinary shares of £1 each fully paid in the company's ultimate holding company. This entity is registered in Scotland and has a registered office and principal place of business at 48 Queen Street, Edinburgh, EH2 3NR.

Debt instruments

Debt instruments (loans) are individually measured at their amortised cost, less impairment provision, where appropriate.

7. Financial risk management

The company's investing activities expose it to a range of financial risks. These key risks and the associated risk management policies to mitigate those risks are described below.

Credit risk

Credit risk refers to the risk that a counterparty will default on its obligation resulting in a financial loss to the company. The company's financial assets exposed to credit risk are as follows:

| | 2017 £ | 2016 £ |
|---|------------|------------|
| Amount owed by parent company | 32,832,760 | 40,325,462 |
| Loans | - | 3,308,000 |
| Cash at bank and on deposit and interest receivable | 13,683,035 | 16,294,257 |
| | <hr/> | <hr/> |
| | 46,515,795 | 59,927,719 |
| | <hr/> | <hr/> |

The parent company holds cash on deposit on behalf of the company, which is placed on deposit with financial institutions authorised by the Financial Conduct Authority. The company also holds cash on deposit, all of which is placed on deposit with financial institutions authorised by the Financial Conduct Authority. We review the credit status of institutions to which we lend on a regular basis. Loans are made to customers whom we know well. All loans are subject to regular review.

Liquidity risk

The company's investments include interests in unquoted companies which are not traded in an organised public market and all of which may be illiquid. As a result the company may not be able to liquidate quickly investments at an amount close to their fair value. The risk is managed by maintaining high levels of cash, readily realisable listed investments, and by forward planning to ensure operational flexibility and choice.

Market risk

Market risk includes price risk on listed investments, interest rate risk, and currency risk on financial assets.

Price risks will affect the value of listed investments. If the bid prices at the balance sheet date had been 10% higher while all other variables remained constant, the profit after tax for the year ended 31 January 2017 would have increased by £9,941,573 (2016: £6,434,442), and equity shareholders' interests would have increased by the same amount. Had market prices been 10% lower the converse would apply.

Unlisted investments involve a higher degree of price risk than listed investments. The company manages this risk by diversifying the unlisted investment portfolio across business sectors.

NOBLE GROSSART INVESTMENTS LIMITED

Notes on accounts (continued)

7. Financial risk management (continued)

Market risk (continued)

The board, on an ongoing basis, reviews the fair value of listed and unlisted investments.

The interest rate risk will affect the level of income receivable on cash deposits and loans. Movements in interest rates are not expected to significantly affect the profit after tax for the year or equity shareholders' interests.

£13,682,010 (2016: £16,234,870) of the company's cash at bank and on deposit is held in US dollars to meet US dollar investment commitments, and is subject to fluctuations in the exchange rate. A 10% strengthening of the US dollar exchange rate against sterling at the balance sheet date while all other variables remain constant would increase the profit after tax for the year ended 31 January 2017 by £1,094,561 (2016: £1,298,790) and equity shareholders' interest would have increased by the same amount. A 10% weakening in the US dollar exchange rate would see the converse apply.

8. Creditors - amounts falling due within one year

| | 2017 £ | 2016 £ |
|-----------------|-----------|-----------|
| Corporation tax | 157,260 | 221,178 |
| Accruals | 945,863 | 1,037,577 |
| | <hr/> | <hr/> |
| | 1,103,123 | 1,258,755 |
| | <hr/> | <hr/> |

9. Deferred tax

| | 2017 £ | 2016 £ |
|---|-----------|-----------|
| At 1 st February | 4,774,791 | 5,565,697 |
| Profit and loss account charge / (credit) | 2,983,231 | (790,906) |
| | <hr/> | <hr/> |
| | 7,758,022 | 4,774,791 |
| | <hr/> | <hr/> |

10. Called up share capital

The capital of the company is 2,227,500 ordinary shares (2016 2,227,500 ordinary shares) of £1 each allotted, called up and fully paid.

11. Commitments

At 31 January 2017 there were investment commitments of £16,982,000 (2016 £24,110,000) which have been contracted for.

NOBLE GROSSART INVESTMENTS LIMITED

Notes on accounts (continued)

12. Significant interests at 31st January 2017

The company holds investments, all in excess of 20 per cent of the nominal value of the capital of the following companies, all of which are registered in Scotland except where stated. These are investments that form a part of an investment portfolio and are held exclusively with a view to subsequent resale. Consequently, and in accordance with FRS 102, they are measured at fair value. The trading results of those companies are included in these accounts only to the extent of dividends received, and not a proportion of profits. In accordance with the provisions of the Companies Act 2006, the latest published information on the aggregate share capital and reserves and the profit/(loss) of these companies is given below. The company holds other investments which represent holdings of under 20 per cent of the nominal value of the capital of other companies.

| Company and activity | At 31st January 2017 | | | At 31st January 2016 | | |
|--|----------------------|-------------------------------------|------------------------------|----------------------|-------------------------------------|------------------------------|
| | Holding % | Aggregate Capital and Reserves £000 | After Tax Profit/(Loss) £000 | Holding % | Aggregate Capital and Reserves £000 | After Tax Profit/(Loss) £000 |
| Alexander Dennis Limited | 33 | 64,565 | 18,534 | 33 | 37,737 | 10,585 |
| Bus manufacturer Ordinary shares | | | | | | |
| Heathhall Business Centre Ltd | 32 | 1,830 | Not disclosed | 32 | (108) | Not disclosed |
| Business park Ordinary shares | | | | | | |
| Bellhouse Joseph Holdings Ltd (Registered in England) | 43 | 362 | Not disclosed | 43 | 350 | Not disclosed |
| Property development management Ordinary shares | | | | | | |
| Lyon & Turnbull Ltd | 26 | 2,474 | Not disclosed | 26 | 2,474 | Not disclosed |
| Auctioneers and valuers Ordinary shares | | | | | | |
| The Fine Art Society plc (Registered in England) | 30 | 4,139 | (1,487) | 30 | 5,806 | (801) |
| Fine art dealer Ordinary shares | | | | | | |
| Wright Health Group Ltd | 89 | 15,619 | 1,353 | 89 | 16,008 | 878 |
| Manufacturers and distributor of dental products Ordinary shares | | | | | | |
| Noble Grossart Holdings Ltd | 34 | 233,485 | 27,433 | 34 | 209,577 | 9,718 |
| Holding company of a merchant banking group Ordinary shares | | | | | | |

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NOBLE GROSSART INVESTMENTS LIMITED

We have audited the accounts of Noble Grossart Investments Limited for the year ended 31st January 2017 set out on pages 4 to 12. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102 The Financial reporting Standard 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 2, the directors are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the accounts 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.

Scope of the audit of the financial statements

A description of the scope of an audit of accounts is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the accounts:

- give a true and fair view of the state of the company's affairs as at 31st January 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; 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 Strategic Report and the Directors' Report for the financial year for which the accounts are prepared is consistent with the accounts.

Based solely on the work required to be undertaken in the course of the audit of the accounts and from reading the Strategic report and Directors' report:

- we have not identified material misstatements in those reports; and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

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 accounts 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.



Philip Merchant (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
20 Castle Terrace
Edinburgh
EH1 2EG

3rd March 2017