BAILIWICK
INVESTMENTS

REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2014

CONTENTS	PAGES

Registered Office	La Tonnelle House Les Banques St. Sampson Guernsey GY1 3HS
Directors	David Lowe (Chairman) John Henwood Charles Parkinson
Manager, Broker and Market Maker	Ravenscroft Investment Management Limited (until 10 December 2014) Ravenscroft Limited (with effect from 11 December 2014) Level 5, The Market Buildings Fountain Street St. Peter Port Guernsey GY1 4JG
Administrator and Registrar	Saffery Champness Fund Services Limited La Tonnelle House Les Banques St. Sampson Guernsey GY1 3HS
CISE Listing Sponsor	Carey Commercial Limited 1st and 2nd Floors Elizabeth House Les Ruettes Brayes St Peter Port Guernsey GY1 1EW
Independent Auditor	Grant Thornton Limited Lefebvre House Lefebvre Street St Peter Port Guernsey GY1 3TF
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Registered Number	49479

BAILIWICK INVESTMENTS LIMITED
CHAIRMAN'S STATEMENT
FOR THE YEAR ENDED 31 OCTOBER 2014

Dear Shareholder

2014 has been an excellent year for your Company; during the period we have realised significant profits on our investment in the Legis Group and have been able to return this profit to shareholders by way of a special dividend of 25p per share. In addition, we have been able to increase the Company's normal dividend from 4.5p per share to 5.0p per-share, an 11% increase. We have made a number of investments in significant Channel Islands based

I am pleased to report that the net asset value (NAV) of the Company was £1.1140 at 31 October 2014 (£1.2952 as at 31 October 2013). Whilst at first sight this represents a decline, the NAV was reduced by the payment of the special dividend of 25p per share mentioned above. Adjusted for this the Company would be showing a NAV of £1.3640, an increase of 6.88p per share.

Recent valuations carried out on the two properties within the portfolio have revealed a combined decline in value of some £400,000. This is mainly due to the fact that we are one year closer to the next lease break option on one property. In the opinion of the Board and Manager both properties are of good quality with strong covenants and future growth prospects.

Breedon Aggregates Ltd remains a very solid investment for the portfolio. The share price continues to rise and during the year went from 35.50p to 43.38p, a 22% increase. According to the company, it continues to trade strongly. Jersey Electricity has been showing continued signs of recovery. It announced a 12.20p per share dividend for the year which represented a 5% increase on 2013.In addition profits before tax were up 21% and during the period they have successfully installed the third connection to France.

During the year Legis Group Holdings Ltd (Legis) performed extremely well given the challenging economic environment. Legis continued to win new business across the sector and grew their reputation as one of the market leaders within the trust and fund administration industry. This led to the business being better recognised outside the Channel Islands and, as reported in my statement last year, this led to the sale of the trust arm of the business to the Bank of Butterfield which was completed on 8 April 2014. This realisation of value meant that the Company was able to pay the special dividend of 25p per share to all shareholders. The Company has also now sold down its interest in Legis Fund Services Limited to the Orangefield Group, the transaction being completed on 21 November 2014. The Company still retains a 10% shareholding in the Orangefield Legis fund business and a holding in Legis Tax Services Ltd. These transactions demonstrate that your Company can both create value and realise it to the benefit of Shareholders. It also underlines your board's continuing policy of reinvesting in other projects when suitable opportunities arise.

Jersey Water continues to be a solid, dividend producing asset for the Company. As I reported last year the Company invested in the newly formed Channel Islands Securities Exchange (CISE) and the new venture has performed well during the period, investing in new management and systems. Its predecessor, the Channel Islands Stock Exchange, has gone into liquidation and we expect a small return on this investment once this process has been completed.

As stated, the Board and Manager have been very active in seeking out new investment prospects. During the period the Company acquired an investment in Aircraft Servicing Group and we are pleased to be involved with such a reputable Channel Islands based business. We look forward to working alongside the management team and assisting with the Group's plans for further development.

After its year-end your Company acquired a significant stake in Jackson's CI Limited, the pan Island car dealership. We are glad to have had the opportunity to make a substantial investment in a long established, well run and respected Channel Islands business; this further demonstrates our strategy of investing in good local companies with strong management and realistic growth prospects.

David Lowe
Chairman

12 February 2015

Net Asset Value per share as at 31 October 2014 was 111.40p (129.52p on 31 October 2013)

Current Share Price is 109p - 113p

During the year shareholders received a total dividend return of 30.0p per share. A dividend of 3.0p per share was paid to shareholders on 3rd February 2014 and the Board recommended the payment of an ordinary interim dividend of 2p per share which was paid on 27th June 2014. In addition shareholders received a special dividend of 25p per share resulting from the partial realisation of the Company's investment in Legis Group which was paid on 17th June 2014.

Performance

Ravenscroft Limited ("the Manager") is pleased to report that Bailiwick Investments Limited ("the Company") has seen an uplift in the NAV over the previous year-to-date producing an increase of 6.88p per share or 4.7% after adjusting for the special dividend. This encouraging growth reflects the general stability and performance of underlying investments and the Channel Islands economies. The shares in the Company are currently trading between 109p and 113p. The stock remains relatively liquid with 1,124,834 shares in 25 trades having been traded on the secondary market to October this year.

Legis Group Holdings Limited (Legis) has had a successful trading year. The reputation of the Company and its management team has been recognised and this has been reflected by the impressive inflow of new business in both the trust and fund businesses throughout the year. We are pleased to report that the Bank of Butterfield made an offer for the Trust business which was accepted and completed on 8th April 2014. The initial payment was received on this date and there will be further payments over the next three years the size of which will depend on the continued trading performance and any warranty claims being brought. The company has also now sold down its interest in Legis Fund Services Limited to the Orangefield Group this transaction was completed on 21 November 2014. Bailiwick Investments Limited will retain 10% of its investment in the fund administration business and its holding in Legis Tax Services Limited. At 31st October 2014 these interests were valued at £4,822,664.

Portfolio Review

Commercial property

The retail market a remains challenging but even this area has shown a degree of resilience in 2014. The rise of internet purchases becoming more and more popular continues to have a major impact on this sector. The prime market in Guernsey remains an attractive investment sector. Favourable supply and demand dynamics, together with limited availability of top quality office stock, has led to progressive rental uplifts being achieved across the sector. Investment activity in the commercial property market in Guernsey remains reasonably flat, in recent months however we have seen some activity and at least one material sale of investment product in the office sector. There have been a limited number of retail properties, principally in the centre of St. Peter Port, have been sold. The majority of local banks are continuing to lend in the market, although their margins have remained relatively stable over the past 12 months and are some way off the levels which were seen a few years ago. However, this fact can be largely offset by adopting an appropriate hedging policy. CBRE has undertaken the valuations of Carey House and Nelson House as at 31st October 2014. Each of these properties have been valued at £16,690,000 and £6,143,000 respectively, and demonstrates a combined fall in value of some £400,000 on the 2013 valuations. However since the year end we have obtained an uplift in rent on both properties and expect that this has had a positive impact on value.

Listed Securities

Breedon Aggregates Limited ("Breedon") - Breedon continues to trade strongly, with both the recently acquired and underlying businesses making good progress. According to the company for the 10 months to October, sales volumes of aggregates increased by 26 per cent, asphalt by 12 per cent and ready-mixed concrete by 18 per cent compared to last year. Group sales revenue for the 10 months to October increased by 20 per cent to £226 million. Breedon went on to say that assuming that weather conditions remain favourable for the remainder of the year, underlying EBITDA and underlying basic earnings per share for the full year are expected to be ahead of current market expectations.

Jersey Electricity ("JEL") JEL has witnessed an increase of 10% to its share price during the last 12 months. 2014 was the Company's 90th anniversary and they marked this celebration with the landmark achievement of the successful installation of their third interconnector to France, Normandie 3 (N3) - under budget and ahead of its 2015 schedule. The N3 project, co-invested under their joint venture with Guernsey Electricity, their partners in the Channel Islands Electricity Grid, has been 10 years in the making and more than doubles their importation capacity which had been severely restricted since June 2012 when their oldest interconnector, EDF1, failed and was removed from service. The Chairman Geoffrey Grime said “last year we delivered a foundation for recovery. This year we have built further on this with an expected upward movement in Energy profit, which reached the level of £8.0m on an operating basis, restoring it to pre-2012 levels. Importantly, this profitability reflects the return necessary to support continued investment”. This recovery is being reflected in the share price which at the reporting date was £3.35, an increase from £3.05 reported in 2013.

Other Investments

Channel Islands Stock Exchange ("CISX") - The CISX is still undergoing the liquidation process following on-going investigations by the Guernsey Financial Services Commission and the timescale for this to complete is unknown.

However, the scheme of arrangement to create the new Channel Island Securities Exchange Authority Limited ("CISE") completed towards the end of 2013 and has been in full operation since that time. Shares were issued in the CISE at £1.00 and are now currently trading at £1.25. We see great potential in the new exchange which is now being led by a capable and experienced management team.

Throughout the past 12 months several investment opportunities have been explored and taken to due diligence stage. Towards the end of the financial year in particular, potential new investment activity has dramatically increased and the Manager is pleased to say that two of these transactions were completed after the year end. On 26th November 2014 the successful acquisition of ASG Group Limited (“ASG”) was announced. ASG is a well-established Guernsey based FBO (“fixed-base operator”) which operates out of over 41,000 square foot of modern hangar and offers a range of aeronautical services including aircraft maintenance and servicing, avionics support, complete aircraft handling, aircraft hangarage and aircraft management. Following this acquisition, the founding shareholders of ASG - Mr. Mark Parr, Mr. Richard Parr and Mr. Nigel Le Gallez, together retain a combined 25% shareholding in each of the operating subsidiaries (Aircraft Servicing (Guernsey) Limited, ASG (Flight Support) Limited, ASG Leasing Limited and Fly ASG Limited) alongside Mr. Stephen Page who has also acquired a 25% shareholding in each of the operating subsidiaries. Stephen Page has been appointed as CEO and Mark Parr will remain as managing director of Aircraft Servicing (Guernsey) Limited.

Then on 19th December 2014 we completed the acquisition of a minority stake in an investor grouping which has acquired the Jacksons CI group, which includes the Jacksons and Motor Mall dealerships in Jersey and Guernsey, Trinity Tyres in Jersey and St Martins Tyres in Guernsey. A cell of Ravenscroft Investments PCC Limited (“RIPL”) acquired the businesses and operating assets, including premises, which together make up the Jackson CI group. The price paid was £41 million and consideration was satisfied by way of £40 million in cash and the issue of £1 million in shares of RIPL. RIPL is an investment vehicle which is backed by various high net worth clients of Ravenscroft Limited and it is through this vehicle that BIL acquired its investment in the Jacksons CI group. As a result of this transaction BIL owns 36% of the capital of RIPL. The existing management team, led by Paul Collier, will remain and have the full support of RIPL in taking the business forward.

Conclusion

The manager continues to look for new investments which must conform to the strict investment criteria of the Company and provide an enhancement to the current portfolio structure. The portfolio is currently well diversified and meets comfortably with the risk, investment and income distribution policy of the Company.

Cash balances, including balances with broker, total approximately £3.6 million at 31st October 2014.

The Company will meet all of its financial and regulatory obligations this year.

The Company has the opportunity to raise new funds or restructure the investment portfolio to meet acquisition funding requirements. It also retains cash for investing purposes but in order to avoid cash drag, this is kept to a minimum.

Ravenscroft Investment Management Limited

12 February 2015

The Directors are pleased to present their report together with the audited consolidated financial statements of Bailiwick Investments Limited (the "Company") and its subsidiaries (collectively the "Group") for the year ended 31 October 2014 prepared in accordance with International Financial Reporting Standards ('IFRS').

Background

The Company is a closed-ended investment company registered with limited liability in Guernsey on 22 September 2008 and is authorised under Section 8 of the Protection of Investors (Bailiwick of Guernsey) Law 1987, as amended.

Principal activity

The principal activity of the Company is to achieve long term capital growth by investment in a diversified portfolio of investments, principally in businesses, property and assets situated, registered, headquartered in or managed from the Channel Islands or in relation to which through the involvement of Channel Islands businesses or individuals, resident in the Channel Islands, there is a material Channel Islands interest.

Results and dividends

The results for the year are set out in the Consolidated Statement of Comprehensive Income on page 15. During the year, following approval by the Directors, the Company paid a dividend of 3.00 pence per share to shareholders on 3 February 2014, a special dividend of 25.00 pence per share to shareholders on 17 June 2014 and a further dividend of 2.00 pence per share to shareholders on 27 June 2014 (2013: a dividend of 2.50 pence per share was paid on 1 February 2013 and a further dividend of 2.00 pence per share on 21 June 2013).

A dividend of 3 pence per share was announced on 5 December 2014 and was paid to shareholders on 5 January 2015.

Going Concern

The Directors have carefully reviewed the Company's current financial resources and the projected expenses of the Company for the next 12 months. On the basis of that review the Directors are satisfied that the Company's resources are adequate for continuing in business for the foreseeable future and that it is appropriate to prepare the Company's consolidated financial statements on a going concern basis.

Directors

The Directors who served on the Board during the year, together with their beneficial interests at 31 October 2014 and at 31 October 2013, were as follows:

	At 31.10.14 and 31.10.13	
	Ordinary shares	**% of shareholdings**
David Lowe OBE	500,000	1.88%
John Henwood MBE	75,000	0.28%
Charles Parkinson	-	0.00%

Corporate Governance

A report on Corporate Governance is included on pages 9 to 12.

Statement of directors' responsibilities in respect of consolidated financial statements

The Directors are responsible for preparing financial statements for the year which give a true and fair view of the state of affairs of the Company and its subsidiaries as at the end of the financial year and of the profit or loss of the Company for that year in accordance with The Companies (Guernsey) Law, 2008. In preparing these consolidated financial statements, the directors are required to:

- select suitable accounting standards and then 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 consolidated financial statements; and
- prepare the consolidated financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the consolidated financial statements have been properly prepared in accordance with The Companies (Guernsey) Law, 2008. 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.

Directors' Responsibility Statement

The Directors confirm that they have complied with the above requirements in preparing the consolidated financial statements and that to the best of our knowledge and belief:

(a) The Chairman's Statement, the Investment Manager's Report and the Directors' Report include a fair review of the development and performance of the business and the position of the Company together with a description of the principal risks and uncertainties that the Company faces; and

(b) that in the opinion of the Board, the Annual Report and Consolidated Financial Statements taken as a whole, is fair, balanced and understandable and it provides the information necessary to assess the Company's performance, business model and strategy; and

(c) The consolidated financial statements, prepared in accordance with IFRS give a true and fair view of the assets, liabilities, financial position and results of the Company.

Disclosure of information to auditors

In accordance with The Companies (Guernsey) Law, 2008, each Director confirms that there is no relevant audit information of which the Company's Auditor is unaware. Each Director also confirms that he has taken all 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.

Secretary

The Secretary of the Company at 31 October 2014 was Saffery Champness Fund Services Limited, appointed on 1 September 2014.

Independent auditor

The independent auditor, Grant Thornton Limited, has expressed its willingness to continue in office and a resolution for its re-appointment will be proposed at the forthcoming Annual General Meeting.

David Lowe
Chairman

Charles Parkinson
Director

12 February 2015

The Directors present their corporate governance report for the year ended 31 October 2014.

As a Guernsey registered company and under the CISE Rules, the Company is not required to comply with The UK Corporate Governance Code published by the Financial Reporting Council in September 2012 ("the Code"). However, it is the Company's policy to comply with best practice on good corporate governance that is applicable to investment companies. The Board has considered the principles and recommendations of the Association of Investment Companies Code of Corporate Governance (AIC Code) by reference to the AIC Corporate Governance Guide for Investment Companies (AIC Guide). The AIC Code as explained by the AIC Guide, addresses all the principles set out in the UK Corporate Governance Code, as well as setting out additional principles and recommendations on issues that have specific relevance to Bailiwick Investments Limited. The Board considers this will provide better information to shareholders. On 1 January 2012 the Finance Sector Code of Corporate Governance issued by the Guernsey Financial Services Commission ("Guernsey Code") became effective. The Board has considered, reviewed and reaffirmed the adoption of procedures to ensure the Company's operations comply with the Guernsey Code.

Independent Non Executive Directors

The AIC Code recommends that a majority of the Board should be independent of the Manager. The Board is composed of three non-executive Directors. The Board has carefully considered the Directors' independence and has determined that the Directors will discharge their duties in an independent manner.

Each of the non-executive directors are deemed by the Directors to be independent.

Senior Independent Director

The AIC Code recommends that the Board should appoint one of the independent non-executive Directors as senior independent director. The senior independent director is available to Shareholders if they have concerns which contact through the normal channel of Chairman has failed to resolve or for which contact through the Chairman is inappropriate. The Directors have appointed John Henwood as senior independent director.

Board and committee meeting attendance

	Board meetings	Audit Committee meetings
David Lowe	7 / 7	3 / 3
John Henwood	7 / 7	3 / 3
Charles Parkinson	7 / 7	3 / 3

The Board has engaged external companies to undertake the investment management, administrative and custodial activities of the Company. Clear documented contractual arrangements are in place with these firms, which define the areas where the Board has delegated responsibility to them. The Company holds at least four Board meetings per year, at which the Directors review the Company's investments and all other important issues to ensure control is maintained over the Company's affairs.

In addition to the formal board meetings there is regular contact with the Manager and other advisors. The focus of these meetings is a review of investment performance, investment opportunities and related matters such as gearing, property valuations, asset allocation, investor relations, risk management, administration and compliance.

Members of the Board have met with the Manager regularly throughout the financial year. Meetings are generally on an ad-hoc basis.

The Board does not believe it is appropriate for the Company, as an investment company with no executive directors, to have a separate Nomination Committee or a separate Remuneration Committee. This is reviewed on an annual basis.

Performance of Board and Proposal for Re-election

The performance of each Director has been appraised by his or her fellow Directors. Pursuant to the Articles of Association of the Company, any Director appointed by the Board shall hold office only until the next following annual general meeting and shall then be eligible for re-election.

Directors' Information

David Lowe OBE

David Lowe worked for 37 years with Bucktrout & Co Limited, becoming Managing Director in 1980 before retiring in 1993. David was elected Jurat of the Royal Court of Guernsey in 1993.

David has also served as a Non-Executive chairman of Barclays Finance Company (Guernsey) Limited and Non-Executive Director of Lazards Channel Islands Limited, International Energy Group Limited, Ann Street Group Limited, C.I. Traders Limited, Islands Insurance Holdings Limited, Burford Capital Limited as well as several other private local companies.

David was awarded the OBE on the Queen's New Year's Honours List in 2006 for services to the Royal Court of Guernsey.

John Henwood MBE

After a career in broadcasting during which he was chief executive of Channel Television for 14 years and undertook a number of TV industry responsibilities, John was appointed chairman of Jersey Telecom and led the business through incorporation. He was also a founder member of the board of Jersey Finance. He is presently non-executive chairman of G4S in Jersey and director of a number of other UK and Channel Islands entities.

Charles Parkinson

Charles Parkinson is a Chartered Accountant and Barrister who built his professional career in accountancy, tax and fiduciary services in Guernsey. He was elected to the States of Guernsey in 2004 and from May 2008 to April 2012 he served as the Minister of Treasury & Resources in the island's government. He holds a number of directorships in a company listed on AIM as well as two private companies, in addition to his directorships of the company and its subsidiaries.

AUDIT COMMITTEE

The Audit Committee meets at least twice a year and is chaired by Charles Parkinson. The Audit Committee reviews the Financial Statements and is responsible for overseeing the Company's relationship with the external auditor, including making recommendations to the Board on the appointment of the external auditor and its remuneration. The Audit Committee considers the nature, scope and results of the auditor's work and reviews, and develops and implements policy on the supply of non-audit services that are to be provided by the external auditor. The ultimate responsibility for reviewing and approving the annual report and consolidated financial statements remains with the Board.

The terms of reference for the Audit Committee are available from the Company Secretary on request.

Risk management and internal controls

The Audit Committee focuses primarily on compliance with legal requirements, accounting standards and the CISE Rules and ensuring that the Company has an effective system of internal controls, including financial, operational and compliance controls and risk management systems and has procedures in place for the review of such controls on an annual basis.

The Board is responsible for establishing and maintaining the Company's system of internal control. Internal control systems are designed to meet the particular needs of the Company and the risks to which it is exposed, and, by their very nature, provide reasonable, but not absolute, assurance against material misstatement or loss. The key procedures which have been established to provide effective internal controls are as follows:

- Saffery Champness Fund Services Limited is responsible for the provision of administration and company secretarial duties;
- The duties of investment management, accounting and the custody of assets are segregated. The procedures are designed to complement one another;
- The Non-Executive Directors of the Company clearly define the duties and responsibilities of their agents and advisers in the terms of their contracts;
- The Board reviews financial information produced by the Manager and the Administrator on a regular basis; and
- On an ongoing basis, compliance reports are provided at each Board meeting by the Administrator.

The Company does not have an internal audit department. All of the Company's management functions are delegated to independent third parties and it is therefore felt that there is no need for the Company to have an internal audit facility.

The internal control systems are designed to meet the Company's particular needs and the risks to which it is exposed. Accordingly, the internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and by their nature can only provide reasonable and not absolute assurance against misstatement and loss.

The Board has reviewed the effectiveness of the system of internal control. In particular, it has reviewed the Financial Reporting and Operating Procedures and assessed them as appropriate for managing the risks affecting the Company.

Review of External Auditors

The Audit Committee has responsibility for making recommendations on the appointment, reappointment and removal of the external auditor and to approve the remuneration and terms of engagement of the external auditor. Subject to the annual appointment of auditors by the shareholders, the Audit Committee conducts a continuous review of the relationship between the Company and the auditors.

The Audit Committee reviews the effectiveness of the external audit process on an annual basis. This assessment includes consideration of the auditors' independence and objectivity, taking into consideration relevant laws, regulations and professional requirements; consideration of the audit fees and fees in respect of non-audit services; the nature and scope of the external audit and discussions on such issues as compliance with accounting standards. The assessment involves considering all relationships between the Company and the auditors, including the nature and quantum of non-audit services. Assurances are obtained from the auditors that they and their staff have no financial, business, employment, family or other personal relationship with the Company that could affect the auditors' independence and objectivity. The auditors explain to the Audit Committee their policies and processes for maintaining independence and monitoring compliance with relevant requirements.

The AIC Code recommends that FTSE 350 companies retender their audits at least every ten years. The Company has not tendered the audit since its incorporation in 2008. Since then Grant Thornton's effectiveness has been annually assessed by the Audit Committee, which has not considered it necessary to require the firm to tender for the audit work. The external auditors are required to rotate the audit partner responsible for the audit every five years.

The Audit Committee, having considered the external auditors' performance during their period in office, recommends re-appointment. The audit fees of £17,075 (2013: £13,000) for Grant Thornton Limited and non-audit related fees of £3,195 (2013: £3,895) were discussed by the Audit Committee and considered appropriate given the current size of the Company and the level of activity undertaken during the year.

Having reviewed the annual report and accounts in detail and considered all matters brought to the attention of the board during the year, the Audit Committee members consider that, taken as a whole the report and accounts provide a fair, balanced and understandable representation of the Company's affairs.

Significant issues considered by the Audit Committee since 1 November 2013 have been whether to revert to IFRS from US GAAP and the communications received from the external auditor. At its meeting on 25 November 2014 the Audit Committee decided to revert to IFRS for the preparation of the consolidated financial statements at 31 October 2014.

The Audit Committee received from Grant Thornton Limited a detailed audit approach memorandum, identifying their assessment of high risk areas of the audit. For the year under review the significant risks identified were in relation to the management over-ride of controls and the valuation of investments.

The Audit Committee tracked the investments valuation risk through the year and kept in contact with the Company's Administrator, Investment Manager and External Auditor and received regular updates. With regard to management override of controls risk the Audit Committee assessed the system of internal controls and concluded that appropriate controls are in place that allows prevention or detection misstatements due to error of fraud including those associated with management override of controls. The Audit Committee is satisfied that there has been appropriate focus and challenge on the high risk areas.

Relations with shareholders

The Board welcomes correspondence from shareholders, addressed to the Company's registered office. All shareholders have the opportunity to put questions to the Board at the Annual General Meeting. The Board hopes that as many shareholders as possible will attend the meeting.

The Manager continues also to be available to offer individual meetings to shareholders.

To the members of Bailiwick Investments Limited

We have audited the consolidated financial statements of Bailiwick Investments Limited (the "Company") and its subsidiary (collectively the "Group") for the year ended 31 October 2014 which comprise the Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity, Consolidated Statement of Financial Position, Consolidated Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs).

This report is made solely to the Company's members, as a body, in accordance with Section 262 of The Companies (Guernsey) Law, 2008. 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 auditors' 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 Group 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 Statement of Directors' Responsibilities on page 7, the directors are responsible for the preparation of the consolidated financial statements which give a true and fair view.

Our responsibility is to audit and express an opinion on the consolidated financial statements in accordance with applicable legal and regulatory requirements 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 consolidated financial statements sufficient to give reasonable assurance that the consolidated 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 Group'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 consolidated financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited consolidated 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.

Audit commentary

An overview of the scope of our audit

Our audit approach was based on a thorough understanding of the Group's business and is risk-based. The day-to-day management of the Group's investment portfolio, the custody of its investments and the maintenance of the Group's accounting records is outsourced to third-party service providers. Accordingly, our audit work is focussed on obtaining an understanding of, and evaluating, internal controls at the Group companies and the third-party service providers, and inspecting records and documents held by the third-party service providers. We undertook substantive testing on significant transactions, balances and disclosures, the extent of which was based on various factors such as our overall assessment of the control environment, the effectiveness of controls over individual systems and the management of specific risks.

Our application of materiality

We apply the concept of materiality in planning and performing our audit, in evaluating the effect of any identified misstatements and in forming our opinion. For the purpose of determining whether the consolidated financial statements are free from material misstatement we define materiality as the magnitude of a misstatement or an omission from the consolidated financial statements or related disclosures that would make it probable that the judgement of a reasonable person relying on the information would have been changed or influenced by the misstatement or omission. We also determine a level of performance materiality which we use to determine the extent of testing needed to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the consolidated financial statements as a whole. We established a materiality for the consolidated financial statements taken as a whole to be £294,000 which is 1% of the Group's net asset value.

We have determined the threshold at which we communicate misstatements to the Audit Committee to be £14,700. In addition, we communicate misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

Our assessment of risk

Without modifying our opinion, we highlight the following matters that are, in our judgement, likely to be most important to users' understanding of our audit. Our audit procedures relating to these matters were designed in the context of our audit of the financial statements as a whole, and not to express an opinion on individual transactions, account balances or disclosures.

Investments at Fair Value

The principal activity of the Company is to achieve long term capital growth by investment in a diversified portfolio of investments, principally in businesses, property and assets situated, registered, headquartered in or managed from the Channel Islands or in relation to which through the involvement of Channel Islands businesses or individuals, resident in the Channel Islands, there is a material Channel Islands interest. Accordingly, the investment portfolio is a significant and material item. The recognition, existence and measurement of the investment portfolio is therefore a risk that requires particular audit attention.

Our audit work included, but was not restricted to, obtaining an understanding of how valuations are performed and understanding management's process to recognise and measure investments including ownership of those investments.

For quoted investments, testing a selection of investment additions and disposals to supporting documentation, obtaining a confirmation of investments held at the year-end directly from the independent broker's statement and reconciling these to the records maintained by the Company's administrator, agreeing the valuation to an independent source of market prices.

For the investment in unquoted investments, our audit work included testing a selection of investment additions and disposals to supporting documentation, reviewing share certificates held by the company and reconciling these to the records maintained by the Company's Administrator. We reviewed the valuation methodology and verified the inputs used in arriving at the fair value by validating against appraisal reports from independent and qualified third parties or by validating Fair Value against sale and purchase transactions near the ear-end.

We checked that the entity categorized the investments in accordance with requirements of IFRS13 'Fair Value Measurement' into appropriate level based on inputs used in valuation techniques as well as we checked the completeness of disclosures required for each level.

The Group's policy on valuation of Investments is included in Note 2.

Opinion on the consolidated financial statements

In our opinion the consolidated financial statements:

- give a true and fair view of the state of the Group's affairs as at 31 October 2014 and of the Group's comprehensive income for the year then ended;
- have been properly prepared in accordance with IFRSs; and
- comply with The Companies (Guernsey) Law, 2008.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the ISAs (UK and Ireland), we are required to report to you if, in our opinion, information in the annual report is:

- materially inconsistent with the information in the audited consolidatedsfinancial statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Company acquired in the course of performing our audit; or
- is otherwise misleading.

In particular, we are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the directors' statement that they consider the annual report is fair, balanced and understandable and whether the annual report appropriately discloses those matters that were communicated to the audit committee which we consider should have been disclosed.

Under the Companies (Guernsey) Law, 2008 we are required to report to you, if in our opinion:

- the Company has not kept proper accounting records; or
- the consolidated financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations, which to the best of our knowledge and belief, are necessary for the purposes of our audit.

Grant Thornton Ltd

Grant Thornton Limited
Chartered Accountants
Channel Islands

12 February 2015

BAILIWICK INVESTMENTS LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 OCTOBER 2014

	Notes	2014 £	2013 £
Income			
Net gain/(loss) on financial assets and liabilities at fair value through profit or loss	5	**2,433,555**	8,296,723
Dividend income	16	**1,496,569**	1,780,496
Bond income	16	**163,995**	167,587
Bank interest income		**12,995**	3,930
		4,107,114	10,248,736
Expense			
Performance fee	3	**119,901**	826,703
Management fees	3	**338,929**	336,177
Loan interest expense		**228,681**	230,435
Administration and other expenses	4	**260,192**	196,952
		947,703	1,590,267
Profit/(loss) and total comprehensive income for the year		**3,159,411**	8,658,469
Weighted average shares in issue during the year		**26,600,000**	26,600,000
Earnings per Ordinary Share (basic and diluted)	18	**£0.12**	£0.33

All items in the above statement are derived from continuing operations.

The accompanying notes form an integral part of these consolidated financial statements.

BAILIWICK INVESTMENTS LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 OCTOBER 2014

	Share Capital £	Share Premium £	Retained Earnings £	Total £
Balance at 1 November 2012	-	25,581,500	1,409,722	26,991,222
Profit/(loss) and total comprehensive income for the year	-	-	8,658,469	8,658,469
Dividends	-	-	(1,197,000)	(1,197,000)
Balance at 31 October 2013	-	25,581,500	8,871,191	34,452,691
Profit/(loss) and total comprehensive income for the year	-	-	3,159,411	3,159,411
Dividends	-	-	(7,980,000)	(7,980,000)
Balance at 31 October 2014	-	25,581,500	4,050,602	29,632,102

The accompanying notes form an integral part of these consolidated financial statements.

BAILIWICK INVESTMENTS LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 OCTOBER 2014

	Notes	2014 £	2013 £	As at 1 November 2012 £
Assets				
Financial assets at fair value through profit or loss	5			
Investment in subsidiaries		**30,303,633**	34,409,130	26,925,708
Equities		**5,315,383**	4,606,333	4,424,039
Interest bearing investments		**1,500,000**	2,932,130	3,933,730
Derivative financial instruments		-	60	1,336
Due from broker		**52,363**	782,001	21,386
Other receivables and prepayments	7	**114,456**	330,830	434,487
Cash and cash equivalents	8	**3,637,585**	2,348,345	1,287,106
Total assets		**40,923,420**	45,408,829	37,027,792
Liabilities				
Borrowings	9	**10,992,665**	10,010,143	9,980,834
Other payables	10	**298,653**	945,995	55,736
Total liabilities		**11,291,318**	10,956,138	10,036,570
Net assets		**29,632,102**	34,452,691	26,991,222
Equity				
Share Capital	12	-	-	-
Share Premium	12	**25,581,500**	25,581,500	25,581,500
Retained earnings		**4,050,602**	8,871,191	1,409,722
Total equity		**29,632,102**	34,452,691	26,991,222
Net Asset Value per Ordinary Share	15	**1.1140**	1.2952	1.0147

Approved and authorised for issue by the Board of Directors on 12 February 2015 and signed on its behalf by:

David Lowe
Chairman

Charles Parkinson
Director

The accompanying notes form an integral part of these consolidated financial statements.

	Notes	2014 £	2013 £
Cash flows from operating activities			
Profit and total comprehensive income for the year		**3,159,411**	8,658,469
Adjusted for:			
Decrease/(Increase) in amount due from broker		**729,638**	(760,615)
Decrease in other receivables		**216,374**	103,657
(Decrease)/increase in other payables		**(647,342)**	890,259
Purchase of financial instruments		**(2,951,118)**	(431,919)
Sale of financial instruments		**10,213,310**	2,065,802
Net (gain) on financial assets at fair value through profit or loss	5	**(2,433,555)**	(8,296,723)
(Decrease)/Increase in loan interest payable		**(37,890)**	548
Amortisation of borrowing costs		**28,761**	28,761
Net cash flows from operating activities		**8,277,589**	2,258,239
Cash flows from financing activities			
Loan received		**11,200,000**	-
Loan repaid		**(10,000,000)**	-
Dividends paid to shareholders	13	**(7,980,000)**	(1,197,000)
Borrowing costs		**(208,349)**	-
Net cash flows used in financing activities		**(6,988,349)**	(1,197,000)
Net increase in cash and cash equivalents		**1,289,240**	1,061,239
Cash and cash equivalents at start of year		**2,348,345**	1,287,106
Cash and cash equivalents at end of year		**3,637,585**	2,348,345
Supplemental disclosure of cash flow information:			
Cash paid during the year for interest		**187,397**	200,000

The accompanying notes form an integral part of these consolidated financial statements.

1 GENERAL INFORMATION

Bailiwick Investments Limited (the "Company") is a closed-ended investment company registered with limited liability in Guernsey on 22 September 2008 and is authorised under Section 8 of The Protection of Investors (Bailiwick of Guernsey) Law 1987, as amended. On 15 December 2008 the Company was admitted to the Channel Islands Stock Exchange (the "CISX") and is now listed on the Channel Islands Securities Exchange ("CISE").

The principal activity of Bailiwick Investments Limited (the "Company") and its subsidiaries (collectively the "Group") is to achieve long term capital growth by investment in a diversified portfolio of investments, principally in businesses, property and assets situated, registered, headquartered in or managed from the Channel Islands or in relation to which through the involvement of Channel Islands businesses or individuals, resident in the Channel Islands, there is a material Channel Islands interest.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following principle accounting policies have been applied consistently in the preparation of the consolidated financial statements:

Statement of compliance and basis of preparation

The consolidated financial statements, which give a true and fair view, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the International Accounting Standards Board (IASB) and effective at 31 October 2014; and comply with The Companies (Guernsey) Law, 2008.

The Company's financial statements were previously prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP"). There has been no material adjustment in the classification and measurement of the Group's assets and liabilities as a result of preparing the consolidated financial statements in accordance with IFRS. Presentational differences between IFRS and US GAAP have had no impact on reported profit or net assets.

The Company's financial statements were prepared in accordance with IFRS for all accounting periods up to 31 October 2010. Following the Company's acquisition of Legis Group Holdings Limited the company switched to preparing its financial statements in accordance with US GAAP so that the investment in Legis Group Holdings Limited could be treated as an investment in subsidiary at fair value instead of being consolidated. Following the amendment to IFRS 10 to allow the exemption from consolidation for entities which meet the definition of an investment entity the Company has returned to preparing its consolidated financial statements in accordance with IFRS.

The consolidated financial statements have been prepared on a historical-cost basis, except for financial assets held at fair value through profit or loss that have been measured at fair value.

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from such estimates.

Basis of consolidation

The Group has chosen to early adopt the amendments to IFRS 10 relating to Investment Entities and IFRS 12 and IAS 27 issued October 2012 with an initial application date of 1 November 2013. The Directors have determined that the Group meets the definition of an "Investment Entity" as it is defined by IFRS 10 and, as such, is required not to consolidate investments in subsidiaries, except to the extent that a subsidiary provides investment related services to the Group. Unconsolidated subsidiaries are classified as fair value through profit or loss and measured at fair value. The Directors have determined that the Group's subsidiary Bailiwick Property Holdings Limited ("BPHL") contributes to the management of the Fund and thus BPHL has been consolidated within these financial statements. Inter-Group transactions, balances and unrealised gains on transactions between the Group and BPHL are eliminated on consolidation. Investments in associates are also classified as fair value through profit or loss, and measured at fair value.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Significant accounting estimates and judgements

The Directors make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below:

Fair value measurement

When the fair values of financial assets recorded in the consolidated statement of financial position cannot be derived from active markets, their fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. The estimates include a consideration of discounted future receivables from the sale of the Trust and Fund business of Legis Group Holdings Limited and by using a valuation model based on a multiple of earnings. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the consolidated statement of financial position and the level where the instruments are disclosed in the fair value hierarchy. Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 31 October 2014 is included in note 6 and relates to the determination of fair value of financial instruments with significant unobservable inputs.

Assessment as an investment entity

Entities that meet the definition of an investment entity within amendments to IFRS 10 are required to measure their subsidiaries at fair value through profit or loss rather than consolidate them. The criteria which define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

The Board has concluded that the Fund has all of the characteristics set out above and thus meets the definition of an Investment Entity.

In addition IFRS 10 states that if an investment entity has a subsidiary that provides investment related services or activities to the entity then it shall consolidate that subsidiary. Bailiwick Property Holdings Limited has obtained bank financing on behalf of the Fund and provides financial support to the Group by way of inter-Group loans. As this investment related activity is significant to the Fund as a whole the Board has concluded that Bailiwick Property Holdings Limited should be consolidated.

New and amended standards and interpretations

The Group has adopted the following new and revised accounting standards which became effective during the year:

IFRS 10 Consolidated Financial Statements
IFRS 11 Joint Arrangements
IFRS 12 Disclosure of Interest in Other Entities
IFRS 13 Fair Value Measurement
IAS 27 Separate Financial Instruments (revised)
IAS 28 Investments in Associates and Joint Ventures (revised)

The nature and the impact of each new standards and amendments are described below:

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

IFRS 10 'Consolidated Financial Statements' (IFRS 10)

The standard supersedes IAS 27 'Consolidated and Separate Financial Statements' (IAS 27) and SIC 12 'Consolidation-Special Purpose Entities'. IFRS 10 revises the definition of control and provides extensive new guidance on its application. These new requirements have the potential to affect which of the Group's investees are considered to be subsidiaries and therefore to change the scope of consolidation. The requirements on consolidation procedures, accounting for changes in non-controlling interests and accounting for loss of control of a subsidiary are unchanged.

Management has reviewed its control assessments in accordance with IFRS 10 and has concluded that there is no effect on the classification (as subsidiaries or otherwise) of any of the Group's investees held during the period or comparative periods covered by these consolidated financial statements

IFRS 11 'Joint Arrangements' (IFRS 11)

The standard supersedes IAS 31 'Interests in Joint Ventures' (IAS 31) and SIC 13 'Jointly Controlled Entities- Non-Monetary-Contributions by Venturers'. IFRS 11 revises the categories of joint arrangement, and the criteria for classification into the categories, with the objective of more closely aligning the accounting with the investor's rights and obligations relating to the arrangement. In addition, IAS 31's option of using proportionate consolidation for arrangements classified as jointly controlled entities under that Standard has been eliminated. IFRS 11 now requires the use of the equity method for arrangements classified as joint ventures (as for investments in associates). Management has concluded that there are no Joint Arrangements in the group.

IFRS 12 'Disclosure of Interests in Other Entities' (IFRS 12)

IFRS 12 integrates and makes consistent the disclosure requirements for various types of investments, including unconsolidated structured entities. It introduces new disclosure requirements about the risks to which an entity is exposed from its involvement with structured entities.

IFRS 13 'Fair Value Measurement' (IFRS 13)

IFRS 13 clarifies the definition of fair value and provides related guidance and enhanced disclosures about fair value measurements. It does not affect which items are required to be fair-valued. The scope of IFRS 13 is broad and it applies for both financial and non-financial items for which other IFRSs require or permit fair value measurements or disclosures about fair value measurements except in certain circumstances.

IFRS 13 applies prospectively for annual periods beginning on or after 1 January 2013. Its disclosure requirements need not be applied to comparative information in the first year of application.

IAS 27 Separate Financial Statements (revised)

As a consequence of the new IFRS 10 and IFRS 12, what remains in IAS 27 is limited to accounting for subsidiaries, jointly controlled entities, and associates in separate financial statements. This standard has not impacted the financial statements of the Group

IAS 28 Investments in Associates and Joint Ventures (revised)

Following the adoption of IFRS 11 and IFRS 12, IAS 28 explains how to apply the equity method to investments in joint ventures.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Early adoption of amendments to IFRS 10, IFRS 12 and IAS 27 relating to investment entities.

The Group has early adopted the Investment Entities amendments to IFRS 10, IFRS 12 and IAS 27 (the "Amendments") which are effective 1 January 2014. The Amendments to IFRS 10 define an investment entity and introduce an exception from the consolidation requirements for investment entities. The Directors have determined that the Company meets the definition of an "Investment Entity" as it is defined by IFRS 10 and, as such, is required not to consolidate investments in subsidiaries, except to the extent that a subsidiary provides investment related services to the Company. Unconsolidated subsidiaries are classified as fair value through profit or loss and measured at fair value. The Directors have determined that the Company's subsidiary Bailiwick Property Holdings Limited ("BPHL") contributes to the management of the Fund and thus BPHL has been consolidated within these financial statements.

As a result of the change in the basis of preparation from US GAAP to IFRS the early adoption of the Amendments has not resulted in a change of accounting policy with respect to investments in subsidiaries and they continue to be accounted for at fair value through profit or loss. There are no adjustments to the financial statements for the current or prior year as a result of the early adoption of the Amendments.

Standards, interpretations and amendments to published statements not yet effective

At the date of authorisation of these consolidated financial statements, the following standards and interpretations, which have not been applied in these consolidated financial statements, were in issue but not yet effective:

IFRS 2 (amendments) Share-based payments, effective 1 July 2014
IFRS 3 (amendments) Business Combinations, effective 1 July 2014
IFRS 8 (amendments) Operating Segments, effective 1 July 2014
IFRS 9 (amendments) Financial Instruments, effective 1 January 2015
IFRS 13 (amendments) Fair Value Measurement effective 1 July 2014
IAS 32 (amendments) Offsetting Financial Assets and Financial Liabilities , effective 1 January 2014.
IAS 36 (amendments) Recoverable Amount Disclosures for Non-Financial Assets, effective 1 January 2014.
IAS 39 (amendments) Novation of Derivatives and Continuation of Hedge Accounting, effective 1 January 2014.
IAS 16 (amendments) Property, Plant and Equipment, effective 1 July 2014
IAS 19 (amendments) Employee Benefits effective 1 July 2014
IFRS 14 Regulatory Deferral Accounts, effective 1 January 2016
IFRS 15 Revenue from Contracts with Customers, effective 1 January 2017
IAS 24 (amendments) Related Party Disclosures effective 1 July 2014
IFRIC 21 Levies effective 1 January 2014

Adoption of the above standards and interpretations are not expected to have a material impact on the consolidated financial statements.

Functional and presentation currency

The performance of the Group is measured and reported to investors in Sterling. The Directors consider Sterling as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The financial statements are presented in Sterling, which is the Group's functional and presentation

Financial Assets and Financial Liabilities

Financial assets and financial liabilities comprise financial assets at fair value through profit or loss, cash and cash equivalents, borrowings, amounts due from broker, other receivables and payables.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments

(a) Classification

The Group classifies its financial assets and financial liabilities at initial recognition into the following categories, in accordance with IAS 39 Financial Instruments: Recognition and Measurement.

Financial assets at fair value through profit or loss

The Group classifies its investments in subsidiaries and associates, debt and equity securities, and derivatives as financial assets at fair value through profit or loss. These financial assets are either held for trading or designated by the Board of Directors at fair value through profit or loss at inception. Financial assets or financial liabilities held for trading are those acquired or incurred principally for the purpose of selling or repurchasing in the near future or on initial recognition they are part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking. All derivatives and short positions are also included in this category. The Fund does not classify any derivatives as hedges in a hedging relationship.

Financial assets and financial liabilities designated at fair value through profit or loss at inception are those that are managed and their performance evaluated on a fair value basis in accordance with the Fund's investment strategy as documented in its offering memorandum, and information about these financial assets and liabilities are evaluated by the management of the Fund on a fair value basis together with other relevant financial information.

The category of financial assets and liabilities at fair value through the profit or loss is sub-divided into:

Financial assets and liabilities held for trading:

Financial assets are classified as held for trading if they are acquired for the purpose of selling and/or repurchasing in the near term. This category includes equities, debentures and other interest bearing investments and derivatives. These assets are acquired principally for the purpose of generating a profit from short-term fluctuations in price. All derivatives, debentures and liabilities from short sales of financial instruments are classified as held for trading. The Group's policy is not to apply hedge accounting.

Financial instruments designated as at fair value through profit or loss upon initial recognition

These include investment in subsidiaries and investment in associates. These financial assets are designated upon initial recognition on the basis that they are part of a group of financial assets which are managed and have their performance evaluated on a fair value basis, in accordance with risk management and investment strategies of the Group as set out in the Company's offering document.

Investment in subsidiaries:

In accordance with the exception under IFRS 10 Consolidated Financial Statements: investment entity exemption, the Group does not consolidate subsidiaries in the financial statements except for BPHL. Investments in subsidiaries are accounted for as financial instruments at fair value through profit or loss. The exception is applicable for annual periods beginning on or after 1 January 2014, but early adoption is permitted and the Group has early adopted this

Investment in associates:

In accordance with the exemption within IAS 28 Investments in Associates and Joint Ventures, the Group does not account for its investment in associates using the equity method. Instead, the Group has elected to measure its investment in associates at fair value through profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Group includes in this category amounts relating to other short-term receivables.

(b) Recognition
Financial assets at fair value through profit or loss are recognized when the Group becomes party to the contractual provisions of the instrument. Recognition takes place on the trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned.

Dividend and interest revenue relating to the Fund's investments in debt and equity securities is recognized when the right to receive a payment is established.

(c) Measurement
At initial recognition financial assets are measured at fair value. Transaction costs on financial assets at fair value through profit or loss are expensed as incurred in the statement of comprehensive income.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in their fair value are included in the statement of comprehensive income for the period in which they arise. Dividend or interest earned on financial assets at fair value through profit or loss and dividend are disclosed in a separate line item in the statement of comprehensive income. Fair value is determined in the manner described in Note 6.

All loans and receivables are initially recognised at fair value. After initial recognition loans and receivables are subsequently measured at amortised cost using the effective interest rate method.

(d) Derecognition
Financial assets are derecognized when the contractual rights to the cash flows from the investments have expired or the Group has transferred substantially all risks and rewards of ownership.

Realized gains and realized losses on derecognition are determined using the average cost method and are included in profit or loss for the period in which they arise.

(e) Fair value estimation
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The fair value for financial instruments traded in active markets at the reporting date is based on their quoted price or binding dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

(f) Transfers between levels of the fair value hierarchy
Transfers between levels of the fair value hierarchy, are deemed to have occurred at the end of the reporting period.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Due to/from Brokers

The Group utilises Ravenscroft Limited for its trading and custodial activities. The clearing and depository operations for the Group's custodial activities are performed pursuant to agreements with Ravenscroft Limited. Due to/from brokers includes cash balances. The Group estimates that the net realisable amount of all due to/from brokers balances at 31 October 2014 does not differ materially from the carrying values recorded in the consolidated statements of assets and liabilities due to their short-term nature.

Cash and cash equivalents

Cash and cash equivalents are defined as cash in hand, demand deposits and highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value. For the purposes of the Consolidated Statement of Cash Flows, cash and cash equivalents consist of cash at bank with a maturity of less than three months at the date of inception.

Borrowings

All borrowings are initially recognised at fair value less directly attributable transaction costs. After initial recognition borrowings are subsequently measured at amortised cost using the effective interest rate method. Set up costs associated with any borrowings are capitalised and charged to the Consolidated Statement of Comprehensive Income are amortised over the life of the related borrowings.

Borrowing costs are recognised as an expense in the period in which they are incurred regardless of how the borrowings are applied and no borrowing costs are capitalised as part of the cost of an asset.

Derivative financial instruments

The Group uses derivative financial instruments such as interest rate caps to hedge its risks associated with interest rate fluctuations. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Ordinary shares

The Group has no planned end date and shareholders will not be entitled to require the Group to redeem their shares at any time. Ordinary shares are classified as equity.

Segmental Reporting

The Directors are of the opinion that the Group is engaged in a single segment of business, being investment business.

Income and Expenses

Interest income is recognised on a time-proportionate basis using the effective interest method. It includes interest income from cash and cash equivalents and on debt securities at fair value though profit or loss. Dividend income is recognised when the right to receive payment is established.

Expenses are recognised on an accruals basis.

Taxation

The company is eligible for exemption from taxation in Guernsey under the provisions of the Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989, and has paid an annual exemption fee of £600.

3 MATERIAL AGREEMENTS

The Group is responsible for the continuing fees of the Administrator and the Investment Manager in accordance with the Administration and Investment Management Agreements dated 3 December 2008.

Administration Fees

The Administrator is entitled to receive an annual fee equal to 0.15% of the Net Asset Value ("NAV") of the Group payable quarterly in arrears, subject to a minimum annual fee of £60,000. The Administrator is also entitled to a fixed annual fee of £8,000 for administering the Company's subsidiary, BPHL, and an annual fee of £5,000 in respect of registrar services. With effect from 1 September 2014, Bordeaux Services (Guernsey) Limited retired as Administrator and Saffery Champness Fund Services Limited was appointed as Administrator on the same terms and conditions.

Management Fees

Following a review of the Investment Management Agreement, with effect from 1 November 2010, the Manager is entitled to an annual management fee of 1.0% of the adjusted closing NAV, excluding cash and cash equivalents, and 0.1% on cash and cash equivalents. This fee is payable quarterly in advance.

Performance Fees

The Manager is also entitled to a performance fee. With effect from 31 January 2014, and applied retrospectively to any performance fee that was due but remained unpaid at that date, this is calculated by taking an amount equal to 10% of the amount, by which, at the end of any accounting period, the NAV per Ordinary Share exceeds the greater of (i) the Hurdle NAV per Ordinary share; and (ii) the High Watermark, and multiplying such amount by the total number of Ordinary Shares in issue for the relevant performance period. The performance fee is calculated quarterly and is payable upon realisation of assets. No performance fee becomes payable unless the Hurdle NAV per Ordinary Share of 2% over the Bank of England base rate is exceeded for the relevant period. When the performance fee becomes payable, 80% is payable to the Investment Manager and the remaining 20% is paid into a clawback account. Amounts remaining in this account that have not been subject to clawback after 36 months or more after the end of the Accounting Period to which they relate, are then paid to the Investment Manager. A performance fee of £119,901 (2013: £826,703) is accrued in respect of the current year and remains outstanding at the year end (2013: £826,703) .

Directors' fees

David Lowe is entitled to an annual fee of £30,000 (2013:£30,000), John Henwood and Charles Parkinson were each entitled to an annual fee of £22,500 (2013: £20,000 per annum until 31 December 2012 and £22,500 per annum from 1 January 2013).

4 ADMINISTRATION AND OTHER EXPENSES

	2014 £	2013 £
Administration fees	**68,000**	68,000
Audit fees	**17,075**	13,000
Directors' fees	**75,000**	75,000
Registrar fees	**5,000**	5,000
Legal and professional fees	**65,245**	8,762
Other expenses	**29,872**	27,190
	260,192	196,952

Included within legal and professional fees for the year ended 31 October 2014 is £3,195 (2013: £3,895) paid to Grant Thornton Limited, the Group's auditor, for the provision of tax advice.

5 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2014	2013	As at 1 November 2012
	£	£	**£**
Fair value brought forward	**41,947,653**	35,284,813	34,221,522
Purchases at cost	**2,951,118**	431,919	-
Sales	**(10,213,310)**	(2,065,802)	(475,000)
Net gain/(loss) on financial assets and liabilities at fair value through profit or loss	**2,433,555**	8,296,723	1,538,291
Fair value carried forward	**37,119,016**	41,947,653	35,284,813
Represented by:			
Closing book cost	**29,009,463**	33,838,100	34,984,150
Closing revaluation of investments	**3,280,916**	8,109,553	300,663
	37,119,016	37,119,016	35,284,813

6 FAIR VALUE OF FINANCIAL INSTRUMENTS

IFRS has a hierarchical disclosure framework which prioritises and ranks the level of market price observability used in measuring investments at fair value. The three levels of inputs are:

- Unadjusted quoted prices in active markets for identical assets or liabilities (Level 1);
- Those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and
- Those with inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgement by the Group. The Group considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

6 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

The following table analyses within the fair value hierarchy the Group's financial assets and liabilities measured at fair value at 31 October 2014:

	Level 1 £	Level 2 £	Level 3 £	Total £
Investments at fair value				
Equity securities				-
Construction	**2,602,800**	-	-	**2,602,800**
Financial services	-	**406,250**	**121,333**	**527,583**
Utilities	**1,675,000**	**510,000**	-	**2,185,000**
Debt securities	-	**1,500,000**	-	**1,500,000**
Investment in subsidiaries	-	-		-
Aircraft hangarage and servicing	-	-	**2,100,000**	**2,100,000**
Investment property	-	-	**23,380,969**	**23,380,969**
Financial services	-	-	**4,822,664**	**4,822,664**
	-			-
	4,277,800	**2,416,250**	**30,424,966**	**37,119,016**

When fair values of listed equity and debt securities at the reporting date are based on quoted market prices or binding dealer price quotations and are actively traded, without any deduction for transaction costs, the instruments are included within Level 1 of the hierarchy. An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within level 2. These may include investment-grade corporate bonds and listed equities. As level 2 investments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information.

The fair value of the Group's holding in Jersey Water and Channel Islands Securities Exchange, which are equity securities classified within level 2, are based on prices provided by market makers on a matched bargain basis.

Investments classified within level 3 have significant unobservable inputs, as they trade infrequently. Level 3 instruments may include private equity and corporate debt securities. As observable prices are not available for these securities, the Group uses valuation techniques to derive the fair value.

Bailiwick Investment Holdings Limited, Column Holdings Limited and Commerce Holdings Limited are valued at their net asset value, as calculated by their administrator, Saffery Champness Fund Services Limited. Column Holdings Limited and Commerce Holdings Limited each own investment property which is measured at fair value based on market valuations at the reporting date, in accordance with the definition of market value as set out in the RICS Valuation and Standards. Bailiwick Investment Holdings Limited owns a former vinery site in Guernsey. The investment manager has valued the site at cost, which approximates fair value, after taking into consideration that there has been no downward movement in land values since purchase and no change to its development potential.

6 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

The investment in the ASG Group Limited is valued at cost. The purchase of a 55% holding in ASG Group Limited took place in September 2014. As detailed in note 22 the Group purchased the remaining 45% of ASG Group Limited in November 2014. The Investment Manager considers that the recent purchase cost is a reliable representation of the fair value of ASG Group Limited.

The Investment Manager has valued the investment in the Channel Islands Stock Exchange, which is in liquidation, at 50p per share as the GFSC regulatory fine was less than provided for leaving some cash balances which are expected to be returned to shareholders.

The following is a reconciliation of assets for which level 3 inputs were used in determining value:

	Other investments
	£
Opening balance	**28,543,986**
Purchases	**2,314,229**
Sale proceeds	**-**
Realised gain	**-**
Fair value adjustment	**1,095,141**
Transfer to level 3	**785,839**
Transfer out of level 3	**-**
Closing balance	**30,424,966**

Transfers between level 2 and level 3

At 31 October 2013 the value of the investment in trust and corporate business of Legis Group Holdings Limited was classified as level 2. The value of the remaining balances due for the sale of the trust and corporate business have been transferred to level 3 as under IFRS the investment classification is determined by the level of its most significant component.

Quantitative information of significant unobservable inputs - Level 3

Description	***2014***	***Valuation technique***	***Unobservable input***
	£		
ASG Group Limited	2,100,000	Transaction value	Investment Manager's valuation
Bailiwick Investment Holdings Limited	210,087	Transaction value	Investment Manager's valuation
Column Holdings Limited	6,198,363	NAV	Property valuation - valuation yield
Commerce Holdings Limited	16,972,519	NAV	Property valuation - valuation yield
Channel Islands Stock Exchange	121,333	Average brokers' valuations	Estimated valuation as no active market
Legis Group Holdings Limited - 'A' ordinary shares	4,822,664	EBITDA/ revenue multiple/ transaction value	Multiple of EBITDA/ Revenue
	30,424,966		

6 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

Sensitivity analysis to significant changes in unobservable inputs within Level 3 hierarchy

Significant changes in any of unobservable inputs could result in significantly lower or higher fair value measurements. At 31 October 2014, if unobservable inputs had moved by 5% with all other variables remaining constant, the change in net assets attributable to ordinary shareholders along with change in profit or loss for the year would amount to approximately £1.5 million.

7 OTHER RECEIVABLES AND PREPAYMENTS

	2014	2013	As at 1 November 2012
	£	£	£
Prepayments	**1,956**	1,347	1,454
Dividends receivable	**112,500**	329,483	433,033
	114,456	330,830	434,487

The Directors consider that the carrying amount of other receivables approximates fair value.

8 CASH AND CASH EQUIVALENTS

	2014	2013	As at 1 November 2012
	£	£	£
Cash at bank	**3,637,585**	546,575	170,720
Short term deposits	**-**	1,801,770	1,116,386
	3,637,585	2,348,345	1,287,106

The cash at bank is at The Royal Bank of Scotland International Limited and HSBC Bank plc.

9 BORROWINGS

	2014	2013	As at 1 November 2012
	£	£	£
The Royal Bank of Scotland plc	**10,992,665**	-	-
HSBC Bank plc	**-**	10,010,143	9,980,834
	10,992,665	10,010,143	9,980,834
Bank borrowings payable in less than one year	**200,000**	10,010,143	-
Bank borrowings payable in more than one year	**10,792,665**	-	9,980,834
	10,992,665	10,010,143	9,980,834

On 29 October 2014 the Group entered into a five year, £11.2 million floating rate term loan facility with The Royal Bank of Scotland International Limited. Interest on the loan is payable quarterly in arrears at a rate equal to the sum of the LIBOR plus 2.75%. The loan is repayable in quarterly repayments of £50,000. The loan has been used to repay the HSBC borrowings and to finance further investment acquisitions. Security for the loan is provided by way of Security Interest Agreements over the issued share capital of the Group's property holding subsidiaries Column Holdings Limited and Commerce Holdings Limited as well as certain of the subsidiaries bank accounts and lease rights. The Directors consider that the carrying amount of borrowings approximates fair value.

10 OTHER PAYABLES

			As at 1 November
	2014	2013	2012
	£	£	£
Performance fee	**119,901**	826,703	-
Management fee	**2,907**	83,507	20,536
Administration fee	**17,000**	17,000	17,000
Audit fee	**17,075**	13,000	13,000
Legal and professional fees	**28,052**	-	-
RBSI loan arrangement fee	**112,000**	-	-
Other payables	**1,718**	5,785	5,200
	298,653	945,995	55,736

The performance fee (see note 3) only falls due for payment when the Group has received proceeds from the disposal or realisation of its assets or upon termination of the Investment Management Agreement.

The Directors consider that the carrying amount of other payables approximates fair value.

11 FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks including market risk (including price risk, foreign currency risk and interest rate risk), credit risk and liquidity risk. The Group's use of borrowings can increase the exposure to these risks, which in turn can also affect the returns. Risk management procedures are in place to minimise the Group's exposure to these financial risks.

The Group uses different methods to measure and manage the various types of risk to which it is exposed. These methods are explained below.

Market Risk

Price risk

Price risk represents the potential loss the Group may suffer through holding market positions in the face of price movements. The Group is exposed to securities price risk arising from investments held by the Group for which future prices are uncertain. The Group is also exposed to property price and property rentals risk. The Investment Manager seeks to moderate this risk through a careful selection of securities and other financial instruments.

At 31 October 2014, if market prices, property valuations or investment manager valuations had moved by 5% with all other variables remaining constant, the change in net assets attributable to ordinary shareholders along with change in profit or loss for the year would amount to approximately £1.8 million (2013: +/- £2.1 million).

The maximum exposure to price risk is the carrying amount of the assets as set out below.

	2014	2013
	£	£
Equity securities	**5,315,383**	4,606,333
Investment in subsidiaries	**30,303,633**	34,409,130
Investment in associates	**-**	-
Derivative financial instrument	**-**	60
	35,619,016	39,015,523

Foreign Currency Risk

There is no foreign currency risk as all the transactions of the Group are carried out in Sterling, the functional and presentational currency.

11 FINANCIAL RISK MANAGEMENT (continued)

Interest Rate Risk

The Group is exposed to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on the fair value of its financial instruments and future cash flow. The Group holds cash and cash equivalents and a sterling denominated floating rate loan that exposes the Group to cash flow interest rate risk.

The Group takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. Interest costs may increase as a result of such changes. They may reduce or create losses in the event that unexpected movements arise. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the Group calculates the impact on profit and loss of a defined interest rate shift. The scenarios are run only for liabilities that represent major interest-bearing positions.

The following table highlights the fair value of the Group's exposure to fixed interest rates, variable interest rates and non interest bearing financial instruments:

31 October 2014	**Fixed interest**	**Variable interest**	**Non interest bearing**	**Total**
Assets	**£**	**£**	**£**	**£**
Investments at fair value	**4,233,247**	**-**	**32,885,769**	**37,119,016**
Due from broker	**-**	**-**	**52,363**	**52,363**
Other receivables and prepayments	**-**	**-**	**114,456**	**114,456**
Cash and cash equivalents	**-**	**3,637,585**	**-**	**3,637,585**
Total Assets	**4,233,247**	**3,637,585**	**33,052,588**	**40,923,420**
Liabilities				
Borrowings	**-**	**10,992,665**	**-**	**10,992,665**
Other payables	**-**	**-**	**298,653**	**298,653**
Total Liabilities	**-**	**10,992,665**	**298,653**	**11,291,318**
Total interest sensitivity gap	**4,233,247**	**(7,355,080)**	**32,753,935**	**29,632,102**

31 October 2013	Fixed interest	Variable interest	Non interest bearing	Total
Assets	£	£	£	£
Investments at fair value	5,665,377	-	36,282,276	41,947,653
Due from broker	-	-	782,001	782,001
Other receivables and prepayments	-	-	330,830	330,830
Cash and cash equivalents	-	2,348,345	-	2,348,345
Total Assets	5,665,377	2,348,345	37,395,107	45,408,829
Liabilities				
Borrowings	-	10,010,143	-	10,010,143
Other payables	-	-	945,995	945,995
Total Liabilities	-	10,010,143	945,995	10,956,138
Total interest sensitivity gap	5,665,377	(7,661,798)	36,449,112	34,452,691

11 FINANCIAL RISK MANAGEMENT (continued)

Interest Rate Risk (continued)

At 31 October 2014, if interest rates had moved by 50 basis points with all other variables remaining constant, the change in net assets attributable to holders of ordinary shares along with change in profit or loss for the year would amount to approximately +/- £36,775 (2013: +/- £38,309), arising substantially from the cash and cash equivalents and borrowings. In accordance with Group's policy, the Investment Manager monitors Group's interest sensitivity on

Credit Risk

Credit risk is the risk that an issuer or counterparty will default on its contractual obligations resulting in financial loss to the Group The investments of the Group are determined by the Investment Manager in accordance with the criteria set out in the Company's scheme particulars. Impairment provisions are provided for losses that have been incurred by the balance sheet date, if any.

The credit risk of the Group's cash and cash equivalents is mitigated as all cash is placed with reputable banking institutions with a sound credit rating. HSBC has a Fitch rating of AA- and a Moody's rating of Aa3. RBSI has a Fitch rating of A and a Moody's rating of Baa1.

The Group's maximum credit exposure is limited to the carrying amount of financial assets recognised at the reporting date which amounted to £40,923,420 (2013: £45,408,829)

Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulties in realising assets or otherwise raising funds to meet financial commitments. The Group is closed ended and therefore is not exposed to the risk of shareholder redemptions. In order to mitigate liquidity risk borrowings may not exceed 50 per cent of the last announced NAV at the time of draw down of any such borrowings. The Group's main assets are property assets which are traded in an environment where deal timescales can take place over months. As a result, the Group may not be able to liquidate quickly some of its properties at an amount close to its fair value in order to meet liquidity requirements. The Board monitors this risk by reviewing future cash flow projections of the Group to ensure that future liabilities can be met as and when they fall due.

The contractual maturities of the Group's assets and liabilities are summarised below.

	Current	Non-current	
	within 1 year	1 to 5 years	later than 5 years
31 October 2014	£	£	£
Investment in subsidiaries	-	30,303,633	-
Equities	5,315,383	-	-
Interest bearing investments	1,500,000	-	-
Derivative financial instruments	-	-	-
Due from broker	52,363	-	-
Other receivables and prepayments	114,456	-	-
Cash and cash equivalents	3,637,585	-	-
	10,619,787	30,303,633	-
Borrowings	200,000	10,792,665	-
Other payables	298,653	-	-
	498,653	10,792,665	-

11 FINANCIAL RISK MANAGEMENT (continued)

Liquidity Risk (continued)

	Current	Non-current	
	within 1 year	1 to 5 years	later than 5 years
31 October 2013	£	£	£
Investment in subsidiaries	-	34,409,130	-
Equities	4,606,333	-	-
Interest bearing investments	1,432,130	1,500,000	-
Derivative financial instruments	-	60	-
Due from broker	782,001	-	-
Other receivables and prepayments	330,830	-	-
Cash and cash equivalents	2,348,345	-	-
	9,499,639	35,909,190	-
Borrowings	10,010,143	-	-
Other payables	945,995	-	-
	10,956,138	-	-

Capital risk management

The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern in order to provide returns to shareholders and to maintain a strong capital base to support the development of the investment activities of the Group.

The capital structure of the Group consists of net debt (comprising debt less cash and cash equivalents) and equity of the Group (comprising issued capital, reserves and retained earnings).

The Group is not subject to any externally imposed capital requirement.

The gearing ratio at 31 October 2014 is as follows:

	2014	**2013**
	£	**£**
Debt	**10,992,665**	10,010,143
Cash and cash equivalents	**(3,637,585)**	(2,348,345)
Net debt	**7,355,080**	7,661,798
Equity	**29,632,102**	34,452,691
Net debt to equity ratio (%)	**24.82**	22.24

12 SHARE CAPITAL

		31 October 2014
Authorised Share Capital		**£**
Unlimited Ordinary Shares of no par value		-
Issued Share Capital	**Number of Shares**	**Share Premium**
		£
Shares at 31 October 2014	**26,600,000**	**25,581,500**

The Company's Share Capital consists of an unlimited number of Ordinary Shares of no par value. Following a share placing and offer, 26,600,000 Ordinary Shares were issued on 15 December 2008 for a consideration of £1 per share. £26,600,000 was raised from the shares issued, less share issue costs amounting to £1,018,500.

All shares are equally eligible to receive dividends and the repayment of capital and represent one vote at the shareholders' meeting.

13 DIVIDENDS

	2014	2013
	£	£
Dividend of 3.0p per share paid 3 February 2014	**798,000**	-
Special Dividend of 25.0p per share paid 17 June 2014	**6,650,000**	-
Dividend of 2.0p per share paid 27 June 2014	**532,000**	-
Dividend of 2.5p per share paid 1 February 2013	**-**	665,000
Dividend of 2.0p per share paid 21 June 2013	**-**	532,000
	7,980,000	1,197,000

14 FINANCIAL HIGHLIGHTS

	2014	2013
	£	£
Per Share Operating Performance		
(For a share outstanding throughout the year)		
Net asset value at start of the year	**1.2952**	1.0147
Income from investment operations:		
Net investment income	**0.0273**	0.0136
Net realised and unrealised gain/(loss) on investments	**0.0915**	0.3119
Total from investment operations	**0.1188**	0.3255
Less distributions	**(0.3000)**	(0.0450)
Total increase in net assets	**(0.1812)**	0.2805
Net asset value at end of the year	**1.1140**	1.2952
Total return	**9.17%**	32.08%
Supplemental data:		
Net assets (end of year)	**29,632,102**	34,452,691
Ratio to net assets		
Expenses	**3.20%**	4.62%
Portfolio turnover rate	**9.96%**	1.25%
Internal Rate of Return for the year	**9.46%**	32.98%
Cumulative Internal Rate of Return	**7.75%**	7.46%

15 NET ASSET VALUE PER ORDINARY SHARE

The net asset value per Ordinary Share is calculated based on the net assets attributable to Ordinary Shareholders of £29,632,102 and on 26,600,000 Ordinary Shares in issue at 31 October 2014.

The table below reconciles the difference between the financial statements NAV per Share compared to the NAV per Share reported on the CISE.

	2014	2013	2012
	£	£	£
Consolidated financial statements NAV	**29,632,102**	34,452,691	26,991,222
No. of shares in issue	**26,600,000**	26,600,000	26,600,000
NAV per Share	**1.1140**	1.2952	1.0147
Add (deduct)/back: Adjustment to fair value of investments	**(208,739)**	(644,457)	112,329
NAV per Share reported on the CISE	**1.1061**	1.2710	1.0189

16 RELATED PARTY TRANSACTIONS

Included within dividend income are amounts of £413,021 (2013:£393,463) from Column Holdings Limited, £846,479 (2013:£988,437) from Commerce Holdings Limited and £ Nil (2012: £46,519) from Legis Group Holdings Limited. Column Holdings Limited and Commerce Holdings Limited are 100% owned by Bailiwick Property Holdings Limited and have directors which are common to the Company.

Also included within dividend income is an amount of £159,127(2013:£329,483) in respect of the preference share dividend from Legis Group Holdings Limited, an investee company of which the Group owns 50.1% of the equity shares in issue, £112,500 of which is outstanding at 31 October 2014 (2013:£329,483).

Loans to subsidiaries are detailed in note 17. Included within bond interest is £163,995 (2013:£165,122) in respect of loan interest from Commerce Holdings Limited.

Details of the Directors fees are disclosed in note 4.

17 INVESTMENT IN SUBSIDIARIES

	Date of Incorporation/Acquisition	Domicile	Ownership
Bailiwick Property Holdings Limited	13 May 2009	Guernsey	100%
Bailiwick Investment Holdings Limited	13 May 2009	Guernsey	100%
Column Holdings Limited	4 February 2009	Guernsey	100%
Commerce Holdings Limited	4 February 2009	Guernsey	100%
Legis Group Holdings Limited	24 March 2011	Guernsey	49.424%

Bailiwick Property Holdings Limited owns 100% of the issued share capital of Column Holdings Limited and Commerce Holdings Limited.

Bailiwick Property Holdings Limited is consolidated. All of the other subsidiaries are accounted for as investments at fair value.

Included with the fair value of the investment in Commerce Holdings Limited is a loan from Bailiwick Property Holdings Limited to Commerce Holdings Limited of £2,733,247 which is unsecured, repayable on demand and earns interest at the rate of 6% per annum.

Included with the fair value of the investment in Bailiwick Investment Holdings Limited is a loan from Bailiwick Property Holdings Limited to Commerce Holdings Limited of £214,227 which is unsecured, interest free and repayable on demand.

The investments into the share capital of Column Holdings Limited and Commerce Holdings Limited are pledged under the loan agreement with The Royal Bank of Scotland International Limited (Note 9).

During the year the ownership of Legis Group Holdings Limited reduced from 50.1% to 49.424%.

18 EARNINGS PER SHARE

Basic earnings per share (EPS) is calculated by dividing the profit or loss for the year by the weighted average number of ordinary shares outstanding during the year.

The Group's diluted EPS is the same as basic EPS, since the Fund has not issued any instrument with dilutive potential.

19 ULTIMATE CONTROLLING PARTY

The Directors consider that the Group has no ultimate controlling party.

20 COMMITMENTS AND CONTINGENCIES

There are no commitments or contingencies to report.

21 EVENTS AFTER THE REPORTING DATE

Subsequent events have been evaluated through to 12 February 2015, which is the date the financial statements were available to be issued.

On 26 November 2014 the Group purchased the remaining 45% of the share capital of ASG Group Limited ("ASG") for £1,325,000. The founding shareholders of ASG together retain a 25% shareholding in each of the operating subsidiaries of ASG.

A dividend of 3 pence per share was announced on 5 December 2014 and was paid to shareholders on 5 January

On 1 December 2014 Legis Group Holdings Limited sold 90% of its Fund Business to Orangefield B.V. The Group received proceeds of £2,609,672 in December 2014; and a deferred payment based on net assets is due in 2015.

On 11 December £1,500,000 was received for the repayment of the preference shares in Legis Group Holdings Limited.

On 16 December 2014 the Company admitted 7,114,650 ordinary shares of no par value to the Official List of the Channel Islands Securities Exchange Authority Ltd. On 22 December 2014 the number of shares admitted was reduced by 751,000 shares. The total number of ordinary no par value shares now listed on the Exchange is 32,963,650 which is an increase of 6,363,650 shares . The shares per placed at a price of £1.10 and the total amount raised was £7,000,015.

On 19 December 2014 the Group acquired a minority stake a minority stake in an investor grouping which has acquired the Jacksons CI group, which includes the Jacksons and Motor Mall dealerships in Jersey and Guernsey, Trinity Tyres in Jersey and St Martins Tyres in Guernsey. A cell of Ravenscroft Investments PCC Limited (“RIPL”) acquired the businesses and operating assets, including premises, which together make up the Jackson CI group. The price paid was £41 million and consideration was satisfied by way of £40 million in cash and the issue of £1 million in shares of RIPL. RIPL is an investment vehicle which is backed by various high net worth clients of Ravenscroft Limited and it is through this vehicle that the Group acquired its investment in the Jacksons CI group. As a result of this transaction the Group owns 36% of the capital of RIPL. The cost of the investment made by the Group was £9,650,000

BAILIWICK INVESTMENTS LIMITED
PORTFOLIO STATEMENT
31 OCTOBER 2014

	2014	
	Nominal holding	**Fair value £**
Investment in subsidiaries - 75.41%		
ASG Group Limited	**550**	**2,100,000**
Bailiwick Investment Holdings Limited Ord	**2**	**210,087**
Column Holdings Limited Ord *	**2**	**6,198,363**
Commerce Holdings Limited Ord *	**10,080**	**16,972,519**
Legis Group Holdings Limited 'A' Ord	**98,848**	**4,822,664**
Total investment in subsidiaries		**30,303,633**
Interest bearing investments - 4.04%		
Legis Group Holdings Limited 'D' Preference Shares	**1,500,000**	**1,500,000**
Total interest bearing investments		**1,500,000**
Equities - 20.55%		
Construction - 13.24%		
Breedon Aggregates Limited Ord NPV	**6,000,000**	**2,602,800**
Financial services - 0.33%		
Channel Islands Stock Exchange Ord GBP0.10	**242,666**	**121,333**
Channel Islands Securities Exchange Ord GBP1.00	**325,000**	**406,250**
Utilities - 5.89%		
Jersey Electricity Company 'A' Ord GBP0.05	**500,000**	**1,675,000**
Jersey Water Ord GBP0.50	**100,000**	**510,000**
Total equities		**5,315,383**
		37,119,016

	2013	
	Nominal holding	**Fair value £**
Investment in subsidiaries - 56.20%		
Column Holdings Limited Ord *	2	6,845,369
Commerce Holdings Limited Ord *	10,080	16,726,958
Legis Group Holdings Limited 'A' Ord	100,200	10,836,803
Total investment in subsidiaries		34,409,130
Interest bearing investments - 6.99%		
Other funds - 6.99%		
Legis Group Holdings Limited 'D' Preference Shares	2,932,130	2,932,130
Total interest bearing investments		2,932,130
Equities - 36.81%		
Construction - 31.75%		
Breedon Aggregates Limited Ord NPV	7,000,000	2,485,000
Financial services - 0.29%		
Channel Islands Stock Exchange Ord GBP0.10	242,666	121,333
Utilities - 4.77%		
Jersey Electricity Company 'A' Ord GBP0.05	500,000	1,525,000
Jersey Water Ord GBP0.50	100,000	475,000
Total equities		4,606,333
Derivatives - 0.00%		
Base rate cap agreement		60
		41,947,653

	2012	
	Nominal holding	Fair value £
Equity securities - 11.19%		
Construction - 5.12%		
Breedon Aggregates Limited Ord NPV	8,600,000	1,806,000
Financial services - 2.75%		
Channel Islands Stock Exchange Ord GBP0.10	242,666	970,664
Utilities - 4.67%		
Jersey Electricity Company 'A' Ord GBP0.05	415,000	1,172,375
Jersey Water Ord GBP0.50	100,000	475,000
Total equity securities		4,424,039
Interest bearing investments - 11.15%		
Financial services - 11.15%		
Landeskreditbank Baden-Wurttemberg 2.5% MTN 7/12/2012	1,000,000	1,001,600
Legis Group Holdings Limited 'D' Preference Shares	2,932,130	2,932,130
Total interest bearing investments		3,933,730
Other investments - 76.31%		
Column Holdings Limited Ord *	2	6,473,769
Commerce Holdings Limited Ord *	10,080	16,893,479
Legis Group Holdings Limited 'A' Ord	110,000	3,558,460
Total other investments		26,925,708
Derivatives - 0.00%		
Base rate cap agreement		1,336
		35,284,813

* The investments into the share capital of Column Holdings Limited and Commerce Holdings Limited are pledged under the loan agreement with The Royal Bank of Scotland International Limited (Note 9).