

Financial Statements / Statement of Comprehensive Income

For the year ended 30 September 2024

	Notes	2024 Revenue return £'000	2024 Capital return £'000	2024 Total £'000	2023 Revenue return £'000	2023 Capital return £'000	2023 Total £'000
Income							
Investment income	2	26,603	3,153	29,756	24,450	–	24,450
Gains on financial assets and financial liabilities held at fair value	8	–	130,745	130,745	–	112,909	112,909
Exchange (losses)/gains on cash and cash equivalents		–	(4,367)	(4,367)	–	3,138	3,138
		26,603	129,531	156,134	24,450	116,047	140,497
Expenses							
Investment management fee	3	(2,283)	(5,328)	(7,611)	(2,067)	(4,824)	(6,891)
Other expenses	3	(2,035)	–	(2,035)	(1,782)	–	(1,782)
Profit before finance costs and tax		22,285	124,203	146,488	20,601	111,223	131,824
Finance costs	4	(1,602)	(3,781)	(5,383)	(1,381)	(3,262)	(4,643)
Exchange gains on revaluation of loan notes	4	–	6,008	6,008	–	6,135	6,135
Profit before taxation		20,683	126,430	147,113	19,220	114,096	133,316
Taxation	5	(1,741)	(2,715)	(4,456)	821	–	821
Profit for the year		18,942	123,715	142,657	20,041	114,096	134,137
Earnings per Ordinary Share (pence)	7	4.20	27.45	31.65	4.19	23.83	28.02

The total column of this statement is the Income Statement of the Company prepared in accordance with UK-adopted international accounting standards. The supplementary revenue and capital columns are presented in accordance with the Statement of Recommended Practice issued by the Association of Investment Companies ("AIC SORP").

All revenue and capital items in the above statement derive from continuing operations. No operations were acquired or discontinued during the period.

There is no other comprehensive income, and therefore the profit/loss for the year after tax is also the total comprehensive income.

The accompanying notes are an integral part of these financial statements.

Financial Statements / Statement of Changes in Equity

For the year ended 30 September 2024

	Ordinary share capital £'000	Capital redemption reserve £'000	Share premium £'000	Capital reserve* £'000	Merger reserve £'000	Revenue reserve** £'000	Total £'000
For the year to 30 September 2024							
Balance as at 30 September 2023	10,155	8,780	28,078	910,267	41,406	32,332	1,031,018
Ordinary Shares bought back for cancellation	(402)	402	–	(44,187)	–	–	(44,187)
Total comprehensive income for the year	–	–	–	123,715	–	18,942	142,657
Ordinary dividends paid (see note 6)	–	–	–	–	–	(16,763)	(16,763)
Balance as at 30 September 2024	9,753	9,182	28,078	989,795	41,406	34,511	1,112,725
For the year ended 30 September 2023							
Balance as at 30 September 2022	10,741	8,194	28,078	852,839	41,406	28,250	969,508
Ordinary Shares bought back for cancellation	(586)	586	–	(56,668)	–	–	(56,668)
Total comprehensive income for the year	–	–	–	114,096	–	20,041	134,137
Ordinary dividends paid (see note 6)	–	–	–	–	–	(15,959)	(15,959)
Balance as at 30 September 2023	10,155	8,780	28,078	910,267	41,406	32,332	1,031,018

* Within the balance of the capital reserve, £899,960,000 relates to realised gains (2023: £765,247,000) which under the Articles of Association is distributable by way of dividend. The remaining £89,835,000 relates to unrealised gains and losses on financial instruments (2023: £145,020,000) and is non-distributable.

** Revenue reserve is fully distributable.

The accompanying notes are an integral part of these financial statements.

Financial Statements / Balance Sheet

As at 30 September 2024

	Notes	2024 £'000	2023 £'000
Non-current assets			
Investments held at fair value through profit or loss	8	1,205,675	1,144,759
		1,205,675	1,144,759
Current assets			
Total return swap assets	8, 9, 16	606	2,174
Trade receivables, prepayments and other debtors	9	26,027	45,674
Cash and cash equivalents	10	48,597	4,231
		75,230	52,079
Total assets		1,280,905	1,196,838
Current liabilities			
Total return swap liabilities	8, 11, 16	(4,414)	(20,873)
Trade payables, accruals and short term borrowings	11	(1,395)	(3,398)
		(5,809)	(24,271)
Total assets less current liabilities		1,275,096	1,172,567
Non-current liabilities			
4.184% Series A Sterling Senior Unsecured Loan 2036	12	(29,927)	(29,920)
3.249% Series B Euro Senior Unsecured Loan 2036	12	(24,902)	(25,960)
2.93% Euro Senior Unsecured Loan 2037	12	(16,549)	(17,250)
1.38% JPY Senior Unsecured Loan Notes 2032	12	(41,558)	(43,761)
1.44% JPY Senior Unsecured Loan Notes 2033	12	(23,413)	(24,658)
2.28% JPY Senior Unsecured Loan Notes 2039	12	(26,022)	–
		(162,371)	(141,549)
Net assets		1,112,725	1,031,018
Equity attributable to equity shareholders			
Ordinary Share capital	13	9,753	10,155
Capital redemption reserve		9,182	8,780
Share premium		28,078	28,078
Capital reserve		989,795	910,267
Merger reserve		41,406	41,406
Revenue reserve		34,511	32,332
Total equity		1,112,725	1,031,018
Net Asset Value per Ordinary Share - basic and diluted (pence)	14	251.71	223.08
Number of shares in issue excluding Treasury	13	442,061,671	462,173,682

These financial statements were approved and authorised for issue by the Board of AVI Global Trust plc on 12 November 2024 and were signed on its behalf by:

Graham Kitchen
Chairman

The accompanying notes are an integral part of these financial statements.
Registered in England & Wales No. 28203

Financial Statements / Statement of Cash Flows

For the year ended 30 September 2024

	2024 £'000	2023 £'000
Reconciliation of profit before taxation to net cash inflow from operating activities		
Profit before taxation	147,113	133,316
Gains on investments held at fair value through profit or loss	(130,745)	(112,909)
Decrease/(increase) in other receivables	16,547	(39,985)
(Decrease)/Increase in other payables	(710)	1,004
Taxation (paid)/received	(4,627)	671
Exchange gains on Loan Notes and revolving credit facility	(7,542)	(10,921)
Amortisation of loan issue expenses	43	39
Net cash inflow/(outflow) from operating activities	20,079	(28,785)
Investing activities		
Purchases of investments	(752,490)	(516,837)
Sales of investments	809,394	527,529
Net cash inflow from investing activities	56,904	10,692
Financing activities		
Dividends paid	(16,763)	(15,959)
Payments for Ordinary Shares bought back	(44,177)	(58,722)
Drawdown of revolving credit facility	82,957	49,144
Repayment of revolving credit facility	(81,423)	(44,359)
Issue of loans net of costs	26,788	24,753
Net cash outflow from financing activities	(32,618)	(45,143)
Increase/(decrease) in cash and cash equivalents	44,365	(63,236)
Reconciliation of net cash flow movements in funds:		
Cash and cash equivalents at beginning of year	4,231	67,274
Exchange rate movements	1	193
Increase/(decrease) in cash and cash equivalents	44,365	(63,236)
Increase/(decrease) in net cash	44,366	(63,043)
Cash and cash equivalents at end of year	48,597	4,231
Dividends received	27,372	20,369
Interest paid	5,531	4,533
Interest received	2,711	3,409

The accompanying notes are an integral part of these financial statements.

Financial Statements / Notes to the Financial Statements

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1. General information and accounting policies

AVI Global Trust plc is a company incorporated and registered in England and Wales. The principal activity of the Company is that of an investment trust company within the meaning of Sections 1158/1159 of the Corporation Tax Act 2010 and its investment approach is detailed in the Strategic Report.

The Company's financial statements have been prepared in accordance with UK-adopted international accounting standards and the AIC SORP.

Basis of preparation

The functional currency of the Company is Pounds Sterling because this is the currency of the primary economic environment in which the Company operates. The financial statements are also presented in Pounds Sterling rounded to the nearest thousand, except where otherwise indicated.

Going concern

The financial statements have been prepared on the going concern basis and on the basis that approval as an investment trust company will continue to be met.

The Directors have made an assessment of the Company's ability to continue as a going concern and are satisfied that the Company has adequate resources to continue in operational existence for a period of at least 12 months from the date when these financial statements were approved.

In making the assessment, the Directors of the Company have considered the likely impacts of international and economic uncertainties on the Company, operations and the investment portfolio. The Directors also regularly assess the resilience of key third-party service providers, most notably the Investment Manager and Fund Administrator. In making their assessment, the Directors have considered the likely impacts of international and economic uncertainties on the Company, operations and the investment portfolio. These include, but are not limited to, geopolitical events, the conflicts in Ukraine and the Middle East and inflationary pressures.

The Directors noted that the Company, with the current cash balance and holding a portfolio of listed investments, is able to meet the obligations of the Company as they fall due. The current cash balance enables the Company to meet any funding requirements and finance future additional investments. The Company is a closed-ended fund, where assets are not required to be liquidated to meet day-to-day redemptions.

The Directors have completed stress tests assessing the impact of changes in market value and income with associated cash flows. In making this assessment, they have considered severe but plausible downside scenarios and simulated a 50% reduction in NAV during January 2025, the impact on future cash flows as a result of this through to September 2029. The conclusion was that in a severe but plausible downside scenario the Company could continue to meet its liabilities. Whilst the economic future is uncertain, and the Directors believe that it is possible the Company could experience further reductions in income and/or market value, and changes in expenses, the opinion of the Directors is that this should not be to a level which would threaten the Company's ability to continue as a going concern.

The Directors are not aware of any material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern, having taken into account the liquidity of the Company's investment portfolio and the Company's financial position in respect of its cash flows and investment commitments (of which there are none of significance). Therefore, the financial statements have been prepared on the going concern basis.

Segmental reporting

The Directors are of the opinion that the Company is engaged in a single segment of business, being investment business. The Company primarily invests in companies listed in the UK and on other recognised international exchanges.

Accounting developments

In the current year, the Company has applied a number of amendments to UK-adopted international standards that are mandatorily effective for an accounting period that begins on or after 1 October 2023.

In accordance with an amendment to IAS1, Presentation of Financial Statements, the Company now discloses its material accounting policy information instead of significant accounting policies. The updates incorporated:

- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2);
- Definition of Accounting Estimates (Amendments to IAS 8);
- Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction – Amendments to IAS 12 Income Taxes; and
- IFRS 17 Insurance Contracts.

There are amendments to IAS/IFRS that will apply from 1 October 2024 as follows:

- Classification of liabilities as current or non-current (Amendments to IAS 1);
- Non-current liabilities with Covenants (Amendments to IAS 1); and
- Supplier Finance Arrangements – Amendments to IAS7 and IFRS7.

The Company intends to adopt the Standards in the reporting period when they become effective. The adoption of these Standards impact the Company's accounting policy disclosures, with revised presentations and additional disclosures to the Financial Statements.

Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with UK-adopted international accounting standards requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts in the Balance Sheet, the Statement of Comprehensive Income and the disclosure of contingent assets and liabilities at the date of the financial statements. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Financial Statements / Notes to the Financial Statements continued

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1. General information and accounting policies continued

Critical accounting judgements and key sources of estimation uncertainty continued

The areas requiring judgement and estimation in the preparation of the financial statements relate to the determination of the carrying value of unquoted investments at fair value through profit or loss. The policies for these are set out in the notes to the financial statements below. The Company values unquoted investments by following the International Private Equity Venture Capital Valuation (IPEV) guidelines. Further areas are recognising and classifying unusual or special dividends received as either capital or revenue in nature; the valuation of derivatives; the recognition of expenses between capital and revenue; and the level of deferred tax.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future period if the revision affects both current and future periods. There are no further significant judgements or estimates in these financial statements.

Investments

The Company's business is investing in financial assets with a view to capital growth. The portfolio of financial assets is managed and its performance evaluated on a fair value basis in accordance with the documented investment strategy and information is provided internally on that basis to the Company's Board of Directors.

The investments held by the Company are designated "at fair value through profit or loss". All gains and losses are allocated to the capital return within the Statement of Comprehensive Income as "Gains or losses on investments held at fair value through profit or loss". Also included within this heading are transaction costs in relation to the purchase or sale of investments. When a purchase or sale is made under a contract, the terms of which require delivery within the time frame of the relevant market, the investments concerned are recognised or derecognised on the trade date.

All investments are designated upon initial recognition as held at fair value through profit or loss, and are measured at subsequent reporting dates at fair value, which is either the bid price or closing price for Stock Exchange Electronic Trading Service – quotes and crosses (SETSqx). The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all of the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been accumulated is recognised in profit or loss.

Fair values for unquoted investments, or for investments for which the market is inactive, are established by using various valuation techniques in accordance with the International Private Equity and Venture Capital (IPEV) guidelines. These may include recent arm's length market transactions, the current fair value of another instrument that is substantially the same, net asset value, discounted cash flow analysis, option pricing models and reference to similar quoted companies. Where there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, that technique is utilised. Unquoted investments are constantly monitored with fair values approved by the Company's Board of Directors.

All investments for which a fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy levels in note 15. A transfer between levels may result from the date of an event or a change in circumstances.

Foreign currency

Transactions denominated in currencies other than Pounds Sterling are recorded at the rates of exchange prevailing on the date of the transaction. Items which are denominated in foreign currencies are translated at the rates prevailing on the Balance Sheet date. Any gain or loss arising from a change in exchange rate subsequent to the date of the transaction is included as an exchange gain or loss in the capital reserve or the revenue account depending on whether the gain or loss is capital or revenue in nature.

Derivatives

Derivatives, including Total return swaps, are classified as financial instruments at fair value and included in current assets/liabilities. Derivatives are derecognised when the contract expires or on the trade on which the contract is sold. Changes in fair value of derivative instruments are recognised as they arise in the capital column of the Statement of Comprehensive Income. The fair value is calculated by either the quoted price (if listed) or a broker using models with inputs from market prices. On disposal or expiry, realised gains and losses are also recognised in the Statement of Comprehensive Income as capital items. Cash flows relating to the derivatives underlying security are reflected within the revenue account. Cost of financing derivatives is allocated in accordance with the Company's accounting policy, with 70% charged to capital and 30% charged to revenue.

Cash and cash equivalents

Cash comprises cash in hand and demand deposits. Cash equivalents are short-term, highly liquid investments and money market funds, that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

Cash held in margin/collateral accounts at the Company's brokers is presented within trade receivables, prepayments and other debtors in the financial statements.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

Income

Dividends receivable on quoted equity shares are taken to revenue on an ex-dividend basis. Dividends receivable on equity shares where no ex-dividend date is quoted are brought into account when the Company's right to receive payment is established. Fixed returns on non-equity shares are recognised on a time-apportioned basis. Dividends from overseas companies are shown gross of any withholding taxes which are disclosed separately in the Statement of Comprehensive Income.

Special dividends are taken to the revenue or capital account depending on their nature. In deciding whether a dividend should be regarded as a capital or revenue receipt, the Board reviews all relevant information as to the reasons for the sources of the dividend on a case-by-case basis.

1. General information and accounting policies *continued*

Income *continued*

When the Company has elected to receive scrip dividends in the form of additional shares rather than in cash, the amount of the cash dividend forgone is recognised as income. Any excess in the value of the cash dividend is recognised in the capital column.

Interest income on fixed interest securities is recognised in the Statement of Comprehensive Income based on the effective yield to maturity of the fixed interest security.

All other income is accounted on a time-apportioned accruals basis and is recognised in the Statement of Comprehensive Income.

Expenses and finance costs

All expenses are accounted on an accruals basis. On the basis of the Board's expected long-term split of total returns in the form of capital and revenue returns of 70% and 30% respectively, the Company charges 70% of its management fee and finance costs to capital.

Expenses incurred directly in relation to arranging debt finance are amortised over the term of the finance.

Expenses incurred in buybacks of shares are charged to the capital reserve through the Statement of Changes in Equity.

Taxation

The charge for taxation is based on the net revenue for the year and takes into account taxation deferred or accelerated because of temporary differences between the treatment of certain items for accounting and taxation purposes.

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amount for financial reporting purposes at the reporting date. Deferred tax assets are only recognised if it is considered more likely than not that there will be suitable profits from which the future reversal of timing differences can be deducted. In line with the recommendations of the SORP, the allocation method used to calculate the tax relief on expenses charged to capital is the "marginal" basis. Under this basis, if taxable income is capable of being offset entirely by expenses charged through the revenue account, then no tax relief is transferred to the capital account.

Dividends payable to shareholders

Dividends to shareholders are recognised as a liability in the period in which they are paid or approved in general meetings and are taken to the Statement of Changes in Equity. Dividends declared and approved by the Company after the Balance Sheet date have not been recognised as a liability of the Company at the Balance Sheet date.

Non-current liabilities: Loan Notes and Revolving Credit Facility

The non-current liabilities and revolving credit facility are valued at amortised cost. Costs in relation to arranging the finance have been capitalised and are amortised over the term of the finance. The amortised cost is the par value less the amortised costs with exchange difference on the principal amounts to be repaid reflected. Any gain or loss arising from changes in the exchange rates are included in the capital reserves and shown in the capital column of the Statement of Comprehensive Income.

Further details of the non-current liabilities are set out in note 12 and in the Glossary.

Capital redemption reserve

The capital redemption reserve represents non-distributable reserves that arise from the purchase and cancellation of shares.

Share premium

The share premium account represents the accumulated premium paid for shares issued in previous periods above their nominal value less issue expenses. This is a reserve forming part of the non-distributable reserves. The following items are taken to this reserve:

- costs associated with the issue of equity; and
- premium on the issue of shares.

Capital reserve

The following are taken to the capital reserve through the capital column in the Statement of Comprehensive Income:

Capital reserve – other, forming part of the distributable reserves:

- gains and losses on the disposal of investments;
- amortisation of issue expenses of Loan Notes;
- costs of share buybacks;
- exchange differences of a capital nature; and
- expenses, together with the related taxation effect, allocated to this reserve in accordance with the above policies.

Capital reserve – investment holding gains, not distributable:

- increase and decrease in the valuation of investments held at the year-end.

Merger reserve

The merger reserve represents the share premium on shares issued on the acquisition of Selective Assets Trust plc on 13 October 1995 and is not distributable.

Revenue reserve

The revenue reserve represents the surplus of accumulated profits and is distributable by way of dividends.

Financial Statements / Notes to the Financial Statements continued

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2. Income

	2024 £'000	2023 £'000
Income from investments		
UK dividends	1,852	296
Overseas dividends	22,657	21,544
Income from fixed interest securities	–	240
	24,509	22,080
Other income		
Deposit interest	2,784	3,005
Total return swap dividends*	(480)	(416)
Exchange losses on receipt of income**	(210)	(421)
Interest received on corporation tax refunds	–	202
	26,603	24,450
Capital dividend***	3,153	–
	29,756	24,450

* Net income (paid)/received on underlying holdings in Total return swaps.

** Exchange movements arise from ex-dividend date to payment date.

*** Dividend received is attributed to a distribution of capital.

3. Investment management fee and other expenses

	2024 Revenue return £'000	2024 Capital return £'000	2024 Total £'000	2023 Revenue return £'000	2023 Capital return £'000	2023 Total £'000
Management fee	2,283	5,328	7,611	2,067	4,824	6,891
Other expenses:						
Directors' emoluments – fees	201	–	201	190	–	190
Auditor's remuneration – audit	61	–	61	54	–	54
Marketing	605	–	605	573	–	573
Printing and postage costs	76	–	76	69	–	69
Registrar fees	96	–	96	95	–	95
Custodian fees	77	–	77	83	–	83
Depositary fees	126	–	126	123	–	123
Advisory and professional fees	487	–	487	360	–	360
Costs associated with dividend receipts	21	–	21	18	–	18
Irrecoverable VAT	89	–	89	32	–	32
Regulatory fees	119	–	119	98	–	98
Directors' insurances and other expenses	77	–	77	87	–	87
	2,035	–	2,035	1,782	–	1,782

The management fee calculated in accordance with the IMA amounted to 0.7% of net assets for assets up to £1bn and 0.6% of net assets over £1bn calculated on a quarterly basis.

Details of the IMA and fees paid to the Investment Manager are set out in the Report of the Directors.

4. Finance costs

	2024 Revenue return £'000	2024 Capital return £'000	2024 Total £'000	2023 Revenue return £'000	2023 Capital return £'000	2023 Total £'000
Loan notes and revolving credit facility interest						
4.184% Series A Sterling Senior Unsecured Loan Notes 2036	377	879	1,256	375	876	1,251
3.249% Series B Euro Senior Unsecured Loan Notes 2036	246	575	821	254	593	847
2.93% Euro Senior Unsecured Loan Notes 2037	149	347	496	152	354	506
1.38% JPY Senior Unsecured Loan Notes 2032	168	393	561	188	439	627
1.44% JPY Senior Unsecured Loan Notes 2033	100	233	333	20	46	66
2.28% JPY Senior Unsecured Loan Notes 2039	9	22	31	–	–	–
JPY Revolving credit facility	80	187	267	62	144	206
Total return swap interest	455	1,061	1,516	282	659	941
	1,584	3,697	5,281	1,333	3,111	4,444
Amortisation						
4.184% Series A Sterling Senior Unsecured Loan Notes 2036	–	7	7	–	7	7
3.249% Series B Euro Senior Unsecured Loan Notes 2036	–	5	5	–	5	5
2.93% Euro Senior Unsecured Loan Notes 2037	–	7	7	–	8	8
1.38% JPY Senior Unsecured Loan Notes 2032	–	18	18	–	18	18
1.44% JPY Senior Unsecured Loan Notes 2033	–	5	5	–	1	1
JPY Revolving credit facility	17	40	57	48	112	160
	17	82	99	48	151	199
Bank interest						
Bank debit interest	1	2	3	–	–	–
Total	1,602	3,781	5,383	1,381	3,262	4,643
Exchange gains in Loan Notes*	–	6,008	6,008	–	6,135	6,135

* Revaluation of Euro and JPY Loan Notes.

Financial Statements / Notes to the Financial Statements continued

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5. Taxation

	Year ended 30 September 2024			Year ended 30 September 2023		
	Revenue return £'000	Capital return £'000	Total £'000	Revenue return £'000	Capital return £'000	Total £'000
Analysis of charge/(credit) for the year						
Overseas tax suffered*	1,741	2,715	4,456	1,638	–	1,638
Withholding tax received previously written off	–	–	–	(29)	–	(29)
Corporation tax refund**	–	–	–	(2,430)	–	(2,430)
Tax charge/(credit) for the year	1,741	2,715	4,456	(821)	–	(821)

* Tax deducted on payment of overseas dividends by local tax authorities.

** Corporation tax refund in respect of 2008/09.

The taxation assessed for the year is lower (2023: lower) than the standard rate of corporation tax in the UK of 25% (2023: 22%). The differences are explained below:

	Year ended 30 September 2024			Year ended 30 September 2023		
	Revenue return £'000	Capital return £'000	Total £'000	Revenue return £'000	Capital return £'000	Total £'000
Profit before taxation	20,683	126,430	147,113	19,220	114,096	133,316
Profit before taxation multiplied by the standard rate of corporation tax of 25% (2023: 22%)	5,171	31,608	36,779	4,229	25,101	29,330
Effects of the non-taxable items:						
– UK dividends that are not taxable	(334)	–	(334)	(65)	–	(65)
– Foreign dividends that are not taxable	(5,611)	(788)	(6,399)	(4,648)	–	(4,648)
– Non-taxable investment gains	–	(33,097)	(33,097)	–	(26,880)	(26,880)
– Irrecoverable overseas tax	1,741	2,715	4,456	1,638	–	1,638
– Withholding tax received previously written off	–	–	–	(29)	–	(29)
– Corporation tax refunds	–	–	–	(2,430)	–	(2,430)
– Current period tax losses not utilised	686	2,088	2,774	484	1,779	2,263
– Corporate interest restriction	80	189	269	–	–	–
– Offshore income gains	8	–	8	–	–	–
Tax charge/(credit) for the year	1,741	2,715	4,456	(821)	–	(821)

At 30 September 2024, the Company had management expenses of £105,307,000 (30 September 2023: £96,478,000), a non-trade loan relationship deficit of £25,688,000 (30 September 2023: £23,688,000) and carried forward disallowed interest expense of £7,883,000 (30 September 2023: £6,805,000) that are potentially available to offset future taxable revenue. A deferred tax asset of £34,719,000 (30 September 2023: £31,743,000), based on the enacted UK corporation tax rate of 25% that applied from 1 April 2023, has not been recognised because the Company is not expected to generate sufficient taxable income in future periods that the carried forward tax losses and disallowed interest expense can be utilised against.

Deferred tax is not provided on capital gains and losses arising on the revaluation or disposal of investments because the Company meets (and intends to continue for the foreseeable future to meet) the conditions for approval as an Investment Trust Company.

6. Dividends

	2024 £'000	2023 £'000
Amounts recognised as distributions to equity holders in the year:		
Final dividend for the year ended 30 September 2023 of 2.30p (2022: 2.10p) per Ordinary Share	10,484	10,258
Special dividend for the year ended 30 September 2023 of 0.20p (2022: none) per Ordinary Share	912	–
Interim dividend for the year ended 30 September 2024 of 1.20p (2023: 1.20p) per Ordinary Share	5,367	5,701
	16,763	15,959

Set out below are the interim and final dividends paid or proposed on Ordinary Shares in respect of the financial year, which is the basis on which the requirements of Section 1159 of the Corporation Tax Act 2010 are considered.

	2024 £'000	2023 £'000
Interim dividend for the year ended 30 September 2024 of 1.20p (2023: 1.20p) per Ordinary Share	5,367	5,701
Proposed final dividend for the year ended 30 September 2024 of 2.55p (2023: 2.30p) per Ordinary Share	11,195*	10,514
Special dividend for the year ended 30 September 2024 of nil (2023: 0.2p) per Ordinary Share	–	914
	5,367	17,129

* Based on shares in circulation on 12 November 2024.

7. Earnings per Ordinary Share

The earnings per Ordinary Share is based on the Company's net profit after tax of £142,657,000 (2023: net profit of £134,137,000) and on 450,758,728 (2023: 478,739,622) Ordinary Shares, being the weighted average number of Ordinary Shares in issue (excluding shares in treasury) during the year.

The earnings per Ordinary Share detailed above can be further analysed between revenue and capital as follows:

	30 September 2024			30 September 2023		
	Revenue	Capital	Total	Revenue	Capital	Total
Basic and diluted						
Net profit (£'000)	18,942	123,715	142,657	20,041	114,096	134,137
Weighted average number of Ordinary Shares			450,758,728			478,739,622
Earnings per Ordinary Share (pence)	4.20	27.45	31.65	4.19	23.83	28.02

There are no dilutive instruments issued by the Company (2023: none).

Financial Statements / Notes to the Financial Statements continued

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8. Investments held at fair value through profit or loss

	30 September 2024				30 September 2023				
	Equities £'000	Unrealised derivatives asset £'000	Unrealised derivatives liabilities £'000	Total £'000	Equities £'000	Debt securities £'000	Unrealised derivatives asset £'000	Unrealised derivatives liabilities £'000	Total £'000
Financial assets held at fair value									
Opening book cost	983,849	–	–	983,849	888,954	20,893	–	–	909,847
Opening investment holding gains/(losses)	160,910	2,174	(20,873)	142,211	97,477	1,466	–	–	98,943
Opening fair value	1,144,759	2,174	(20,873)	1,126,060	986,431	22,359	–	–	1,008,790
Movement in the year:									
Purchases at cost	751,187	–	–	751,187	472,751	39,655	–	–	512,406
Sales/Close – Proceeds	(812,627)	6,502	–	(806,125)	(443,380)	(60,041)	(4,624)	–	(508,045)
– realised gains/(losses) on sales and close of total return swaps	198,441	(6,502)	–	191,939	65,525	(507)	4,624	–	69,642
(Decrease)/increase in investment holding gains	(76,085)	(1,568)	16,459	(61,194)	63,432	(1,466)	2,174	(20,873)	43,267
Closing fair value of investments	1,205,675	606	(4,414)	1,201,867	1,144,759	–	2,174	(20,873)	1,126,060
Closing book cost	1,120,850	–	–	1,120,850	983,849	–	–	–	983,849
Closing investment holding gains/(losses)	84,825	606	(4,414)	81,017	160,910	–	2,174	(20,873)	142,211
Closing fair value	1,205,675	606	(4,414)	1,201,867	1,144,759	–	2,174	(20,873)	1,126,060

Financial assets and liabilities held at fair value

	30 September 2024 £'000	30 September 2023 £'000
Equities	1,205,675	1,144,759
Total return swaps – asset	606	2,174
Total return swaps - liability	(4,414)	(20,873)
	1,201,867	1,126,060
	Year ended 30 September 2024 £'000	Year ended 30 September 2023 £'000
Transaction costs		
Cost on acquisitions	724	457
Cost on disposals	631	350
	1,355	807
Analysis of capital gains/(losses)		
Gains on sales/close out of financial assets	191,939	69,642
Movement in investment holding (losses)/gains for the year	(61,194)	43,267
Net gains on investments	130,745	112,909

The Company received £806,125,000 (2023: £508,045,000) from investments sold in the year. The book cost of these investments when they were purchased was £614,186,000 (2023: £438,403,000). These investments have been revalued over time and until they were sold any unrealised gains or losses were included in the fair value of the investments.

The Company has thirteen interests amounting to an investment of 3% or more of the equity capital of investee companies which are set out in the Investment Portfolio on pages 14 and 15.

9. Trade receivables, prepayments and other debtors

	2024 £'000	2023 £'000
Total return swaps	606	2,174
Trade receivables, prepayments and other debtors		
Sales for future settlement	–	3,271
Cash collateral receivable	23,113	39,325
Tax recoverable	627	456
Prepayments and accrued income	2,259	2,585
VAT recoverable	28	37
Total trade receivables, prepayments and other debtors	26,027	45,674

Cash collateral receivable is cash held at Jefferies International Limited against exposure to derivatives.

Tax recoverable relates to withholding tax in a number of countries, some of which is past due, but is in the process of being reclaimed by the Custodian through local tax authorities and also tax deducted on UK REIT dividends, which the Company expects to receive in due course.

No other receivables are past due or impaired.

10. Cash and cash equivalents

	2024 £'000	2023 £'000
Cash at bank	13,597	4,231
Liquidity account	35,000	–
	48,597	4,231

11. Current liabilities

	2024 £'000	2023 £'000
Total return swaps	4,414	20,873
Trade payables, accruals and short-term borrowings		
Purchases for future settlement	–	1,303
Amounts owed for share buybacks	13	3
Management fees	–	573
Interest payable	859	648
Other payables	523	871
Total trade payables, accruals and short term borrowings	1,395	3,398
Total current liabilities	5,809	24,271

Financial Statements / Notes to the Financial Statements continued

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11. Current liabilities continued

Revolving credit facility

The unsecured revolving credit facility with Scotiabank Europe Plc for a JPY8.0bn (£41,700,000) (the facility) was terminated at the end of its contracted life on 26 September 2024. It was repaid on 10 September 2024 and no drawings were made after that date. The facility when in existence consisted of a multi-currency facility with drawings available in Japanese Yen, Pounds Sterling, US Dollars and Euros.

The interest charged was the appropriate risk free rate (RFR)* plus the additional margin:

- Japanese Yen 1.025% margin over the Tokyo unsecured overnight rate (TONAR)**;
- Pounds Sterling 1.42% margin over SONIA (sterling overnight index average);
- US Dollars 1.25% margin above the secured overnight financing rate (SOFR); and
- Euros 1.25% margin above the Euro short-term rate (€ STR).

Undrawn balances below JPY2.0bn were charged at 0.35% and any undrawn portion above this were charged at 0.30%.

Under the terms of the facility, the covenant required net assets not to be less than £300m and the adjusted net asset coverage to borrowings not less than 4:1.

The facility is shown at amortised cost and revalued for exchange rate movements. Any gain or loss arising from changes in exchange rates is included in the capital reserves and shown in the capital column of the Statement of Comprehensive Income. Interest costs are charged to capital and revenue in accordance with the Company's accounting policies.

** If TONAR was less than 0% it was deemed to be 0%.

	At 30 September 2024		At 30 September 2023	
	¥'000	£'000	¥'000	£'000
Opening balance	–	–	–	–
Proceeds from amounts drawn	16,000,000	82,957	8,000,000	49,144
Repayment	(16,000,000)	(81,423)	(8,000,000)	(44,359)
Exchange rate movement	–	(1,534)	–	(4,785)
Total	–	–	–	–

12. Non-current liabilities

	2024	2023
	£'000	£'000
4.184% Series A Sterling Senior Unsecured Loan Notes 2036	29,927	29,920
3.249% Series B Euro Senior Unsecured Loan Notes 2036	24,902	25,960
2.93% Euro Senior Unsecured Loan Notes 2037	16,549	17,250
1.38% JPY Senior Unsecured Loan Notes 2032	41,558	43,761
1.44% JPY Senior Unsecured Loan Notes 2033	23,413	24,658
2.28% JPY Senior Unsecured Loan Notes 2039	26,022	–
Total	162,371	141,549

12. Non-current liabilities continued

The amortised costs of issue expenses are set out in note 4.

The fair values of the Loan Notes are set out in note 15.

The Company issued two Loan Notes on 15 January 2016:

£30,000,000 4.184% Series A Sterling Senior Unsecured Loan Notes due 15 January 2036

€30,000,000 3.249% Series B Euro Senior Unsecured Loan Notes due 15 January 2036

The Company issued further Loan Notes on 1 November 2017:

€20,000,000 2.93% Euro Senior Unsecured Loan Notes due 1 November 2037

The Company issued further Loan Notes on 6 July 2022:

¥8,000,000,000 1.38% JPY Senior Unsecured Loan Notes due 6 July 2032

¥4,500,000,000 1.44% JPY Senior Unsecured Loan Notes due 25 July 2033

The Company issued further Loan Notes on 25 July 2023:

¥4,500,000,000 1.44% JPY Senior Unsecured Loan Notes due 25 July 2033

The Company issued further Loan Notes on 12 September 2024:

¥5,000,000,000 2.28% JPY Senior Unsecured Loan Notes due 12 September 2039

Under the terms of the Loan Notes, the covenant requires that the net assets of the Company shall not be less than £300,000,000 and total indebtedness shall not exceed 30% of net assets.

13. Called-up share capital

	Number of shares	Nominal value £'000
Allotted, called up and fully paid		
Ordinary Shares of 2p each (2023: 2p)		
Balance at beginning of the year	507,774,638	10,155
Ordinary Shares bought back and cancelled	(20,112,011)	(402)
Balance at end of the year	487,662,627	9,753
Treasury shares		
Balance at beginning of the year	45,600,956	
Balance at end of the year	45,600,956	
Total Ordinary Share capital excluding treasury shares	442,061,671	

At 30 September 2024, the Company held 45,600,956 shares in treasury, with a nominal value of £912,000.

Ordinary Shares of 2p each

During the year to 30 September 2024, 20,112,011 Ordinary Shares of 2p were bought back for cancellation for an aggregate consideration of £43,967,000 (2023: 29,277,886 shares for aggregate consideration of £56,668,000).

The allotted, called up and fully paid shares at 30 September 2024 consisted of 487,662,627 Ordinary Shares of 2p each in issue, and 45,600,956 Ordinary Shares held in treasury. The total voting rights attaching to Ordinary Shares in issue and ranking for dividends was 442,061,671 as at 30 September 2024.

14. Net asset value

The net asset value per Ordinary Share and the net asset value attributable to the Ordinary Shares at the year-end are calculated in accordance with their entitlements in the Articles of Association and were as follows:

	30 September 2024		30 September 2023	
	NAV per Ordinary Share Pence	Net asset value attributable £'000	NAV per Ordinary Share Pence	Net asset value attributable £'000
Basic and diluted	251.71	1,112,725	223.08	1,031,018

Net asset value per Ordinary Share is based on net assets and on 442,061,671 Ordinary Shares (2023: 462,173,682), being the number of Ordinary Shares in issue excluding Treasury Shares at the year-end.

Financial Statements / Notes to the Financial Statements continued

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15. Financial instruments and capital disclosures

Investment objective and policy

The Company's investment objective and policy are detailed on page 52.

The Company's financial instruments comprise equity and fixed-interest investments, cash balances, receivables, payables and borrowings. The Company makes use of borrowings to achieve improved performance in rising markets. The risk of borrowings may be reduced by raising the level of cash balances or fixed-interest investments held.

Risks

The risks identified arising from the financial instruments are market risk (which comprises market price risk, interest rate risk and foreign currency risk), liquidity risk and credit and counterparty risk. The Company may also enter into derivative transactions to manage risk.

The Board and Investment Manager consider and review the risks inherent in managing the Company's assets which are detailed below.

Market risk

Market risk arises mainly from uncertainty about future prices of financial instruments used in the Company's business. It represents the potential loss which the Company might suffer through holding market positions by way of price movements, interest rate movements, exchange rate movements and systematic risk (risk inherent to the market, reflecting economic and geopolitical factors). The Investment Manager assesses the exposure to market risk when making each investment decision and these risks are monitored by the Investment Manager on a regular basis and the Board at quarterly meetings with the Investment Manager.

Market price risk

Market price risk (i.e. changes in market prices other than those arising from currency risk or interest rate risk) may affect the value of investments.

Adherence to investment policies mitigates the risk of excessive exposure to any particular type of security or issuer. The portfolio is managed with an awareness of the effects of adverse price movements through detailed and continuing analysis with the objective of maximising overall returns to shareholders. The assessment of market risk is based on the Company's portfolio as held at the year-end. The Company has experienced volatility in the fair value of investments during recent years due to geopolitical events. Further additional volatility during the year has resulted from the conflicts in Ukraine and the Middle East and inflation. The Company has used 20% to demonstrate the impact of a significant reduction/increase in the fair value of the investments and the impact upon the Company that might arise from future significant events.

If the fair value of the listed equity investments at the year-end of £1,204,157,000 (2023: £1,142,936,000) decreased or increased by 20%, then it would have had an adverse/positive impact on the Company's capital return and equity of £240,831,000 (2023: £228,587,000).

As at 30 September 2024, £1,518,000 (2023: £1,823,000) of the Company's investments are in unquoted companies held at fair value. A change in market inputs that would result in a 20% decrease in the fair value of the unquoted investments at 30 September 2024 would have decreased the net assets attributable to the Company's shareholders by £304,000 (30 September 2023: £365,000); an equal change in the opposite direction would have increased the net assets attributable to the Company's shareholders and reduced the loss for the year by an equal amount.

Foreign currency

The value of the Company's assets and the total return earned by the Company's shareholders can be significantly affected by foreign exchange rate movements, as most of the Company's assets are denominated in currencies other than Pounds Sterling, the currency in which the Company's financial statements are prepared. Income denominated in foreign currencies is converted to Pounds Sterling upon receipt.

A 5% rise or decline of Sterling against foreign currency denominated (i.e. non Pounds Sterling) assets and liabilities held at the year-end would have increased/decreased the net asset value by £35,073,000 (2023: £47,448,000).

The currency exposure is as follows:

Currency risk	GBP £'000	USD £'000	EUR £'000	JPY £'000	NOK £'000	SEK £'000	Total £'000
At 30 September 2024							
Other receivables	611	23,476	627	1,313	–	–	26,027
Cash and cash equivalents	48,597	–	–	–	–	–	48,597
Other payables	(679)	(118)	(371)	(227)	–	–	(1,395)
Total return swaps	–	(3,808)	–	–	–	–	(3,808)
4.184% Series A Sterling Senior Unsecured Loan Notes 2036	(29,927)	–	–	–	–	–	(29,927)
3.249% Series B Euro Senior Unsecured Loan Notes 2036	–	–	(24,902)	–	–	–	(24,902)
2.93% Euro Senior Unsecured Loan Notes 2037	–	–	(16,549)	–	–	–	(16,549)
1.38% JPY Senior Unsecured Loan Notes 2032	–	–	–	(41,558)	–	–	(41,558)
1.44% JPY Senior Unsecured Loan Notes 2033	–	–	–	(23,413)	–	–	(23,413)
2.28% JPY Senior Unsecured Loan Notes 2039	–	–	–	(26,022)	–	–	(26,022)
Currency exposure on net monetary items	18,602	19,550	(41,195)	(89,907)	–	–	(92,950)
Investments held at fair value through profit or loss – equities	392,664	259,661	291,864	215,730	41,267	4,489	1,205,675
Total net currency exposure	411,266	279,211	250,669	125,823	41,267	4,489	1,112,725

15. Financial instruments and capital disclosures continued

This exposure is representative at the Balance Sheet date and may not be representative of the year as a whole. The balances are of the holding investment and may not represent the actual exposure of the subsequent underlying investment.

Currency risk	GBP £'000	USD £'000	EUR £'000	JPY £'000	NOK £'000	INR £'000	SGD £'000	SEK £'000	CAD £'000	Total £'000
At 30 September 2023										
Other receivables	1,073	42,926	456	1,219	–	–	–	–	–	45,674
Cash and cash equivalents	4,196	–	–	35	–	–	–	–	–	4,231
Other payables	(1,484)	(249)	(1,423)	(242)	–	–	–	–	–	(3,398)
Total return swaps	–	(20,705)	–	–	–	–	–	–	2,006	(18,699)
4.184% Series A Sterling Senior Unsecured Loan Notes 2036	(29,920)	–	–	–	–	–	–	–	–	(29,920)
3.249% Series B Euro Senior Unsecured Loan Notes 2036	–	–	(25,960)	–	–	–	–	–	–	(25,960)
2.93% Euro Senior Unsecured Loan Notes 2037	–	–	(17,250)	–	–	–	–	–	–	(17,250)
1.38% JPY Senior Unsecured Loan Notes 2032	–	–	–	(43,761)	–	–	–	–	–	(43,761)
1.44% JPY Senior Unsecured Loan Notes 2033	–	–	–	(24,658)	–	–	–	–	–	(24,658)
Currency exposure on net monetary items	(26,135)	21,972	(44,177)	(67,407)	–	–	–	–	2,006	(113,741)
Investments held at fair value through profit or loss—equities	108,195	376,754	253,920	203,302	153,545	34,097	10,957	3,989	–	1,144,759
Total net currency exposure	82,060	398,726	209,743	135,895	153,545	34,097	10,957	3,989	2,006	1,031,018

Interest rate risk

Interest rate movements may affect:

- the fair value of investments in fixed-interest rate securities;
- the level of income receivable on cash deposits;
- the interest payable on variable rate borrowings; and
- the fair value of the Company's long-term debt.

The possible effects on fair value and cash flows that could arise as a result of changes in interest rates are taken into account when making investment decisions.

The Loan Notes issued by the Company pay a fixed rate of interest and are carried in the Company's Balance Sheet at amortised cost rather than at fair value. Hence, movements in interest rates will not affect net asset values, as reported under the Company's accounting policies, but may have an impact on the Company's share price and discount/premium. The fair value of the debt and its effect on the Company's assets is set out below.

The exposure at 30 September of financial assets and financial liabilities to interest rate risk is shown by reference to floating interest rates.

	At 30 September 2024 £'000	At 30 September 2023 £'000
Exposure to floating interest rates		
Cash collateral receivable from broker	23,113	39,325
Cash and cash equivalents	48,597	4,231

Financial Statements / Notes to the Financial Statements continued

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15. Financial instruments and capital disclosures continued

	30 September 2024		30 September 2023	
	Book cost £'000	Fair value £'000	Book cost* £'000	Fair value £'000
4.184% Series A Sterling Senior Unsecured Loan Notes 2036	29,927	26,103	29,920	25,051
3.249% Series B Euro Senior Unsecured Loan Notes 2036	24,902	23,119	25,960	22,158
2.93% Euro Senior Unsecured Loan Notes 2037	16,549	14,671	17,250	13,936
1.38% JPY Senior Unsecured Loan Notes 2032	41,558	40,203	43,761	40,584
1.44% JPY Senior Unsecured Loan Notes 2033	23,413	22,623	24,658	22,757
2.28% JPY Senior Unsecured Loan Notes 2039	26,022	26,377	–	–
Total	162,371	153,096	141,549	124,486

* 2023 figures updated for consistency.

Interest rate sensitivity of the Company's Loan Notes is an APM as set out in the Glossary.

Liquidity risk

Liquidity risk is mitigated by the fact that the Company has £71,710,000 (2023: £43,556,000) cash and cash equivalents, the assets are readily realisable. The Company is a closed-ended fund, assets do not need to be liquidated to meet redemptions, and sufficient liquidity is maintained to meet obligations as they fall due.

The remaining contractual payments on the Company's financial liabilities at 30 September, based on the earliest date on which payment can be required and current exchange rates at the Balance Sheet date, were as follows:

	In 1 year or less £'000	In more than 1 year but not more than 2 years £'000	In more than 2 years but not more than 3 years £'000	In more than 3 years but not more than 10 years £'000	In more than 10 years £'000	Total £'000
At 30 September 2024						
4.184% Series A Sterling Senior Unsecured Loan Notes 2036	(1,255)	(1,255)	(1,255)	(8,786)	(31,883)	(44,434)
3.249% Series B Euro Senior Unsecured Loan Notes 2036	(811)	(811)	(811)	(5,676)	(26,175)	(34,284)
2.93% Euro Senior Unsecured Loan Notes 2037	(488)	(488)	(488)	(3,413)	(18,345)	(23,222)
1.38% JPY Senior Unsecured Loan Notes 2032	(575)	(575)	(575)	(44,578)	–	(46,303)
1.44% JPY Senior Unsecured Loan Notes 2033	(338)	(338)	(338)	(25,483)	–	(26,497)
2.28% JPY Senior Unsecured Loan Notes 2039	(594)	(594)	(594)	(4,160)	(29,034)	(34,976)
Total return swap liabilities	(4,032)	(382)	–	–	–	(4,414)
Other payables	(1,395)	–	–	–	–	(1,395)
	(9,488)	(4,443)	(4,061)	(92,096)	(105,437)	(215,525)

	In 1 year or less £'000	In more than 1 year but not more than 2 years £'000	In more than 2 years but not more than 3 years £'000	In more than 3 years but not more than 10 years £'000	In more than 10 years £'000	Total £'000
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At 30 September 2023

4.184% Series A Sterling Senior Unsecured Loan Notes 2036	(1,255)	(1,255)	(1,255)	(8,786)	(33,138)	(45,689)
3.249% Series B Euro Senior Unsecured Loan Notes 2036	(845)	(845)	(845)	(5,918)	(28,135)	(36,588)
2.93% Euro Senior Unsecured Loan Notes 2037	(508)	(508)	(508)	(3,558)	(19,635)	(24,717)
1.38% JPY Senior Unsecured Loan Notes 2032	(606)	(606)	(606)	(47,559)	–	(49,377)
1.44% JPY Senior Unsecured Loan Notes 2033	(356)	(356)	(356)	(27,197)	–	(28,265)
Total return swap liabilities	(20,873)	–	–	–	–	(20,873)
Other payables	(3,398)	–	–	–	–	(3,398)
	(27,841)	(3,570)	(3,570)	(93,018)	(80,908)	(208,907)

15. Financial instruments and capital disclosures continued

Credit risk

Credit risk is mitigated by diversifying the counterparties through which the Investment Manager conducts investment transactions. The credit standing of all counterparties is reviewed periodically, with limits set on amounts due from any one counterparty. As at the year-end cash is held with JP Morgan (A2*) and Morgan Stanley in the Liquidity Fund (AAA*).

The total credit exposure represents the carrying value of fixed-income investments, cash and receivable balances and totals £75,231,000 (2023: £52,079,000).

Fair values of financial assets and financial liabilities

Valuation of financial instruments

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements. Categorisation within the hierarchy has been determined on the basis of the lowest level input that is significant to the fair value measurement of the relevant assets as follows:

- Level 1 – valued using quoted prices unadjusted in active markets for identical assets or liabilities.
- Level 2 – valued by reference to valuation techniques using observable inputs for the asset or liability other than quoted prices included within Level 1.
- Level 3 – valued by reference to valuation techniques using inputs that are not based on observable market data for the asset or liability.

The tables below set out fair value measurements of financial instruments as at the year-end, by the level in the fair value hierarchy into which the fair value measurement is categorised.

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets at fair value through profit or loss at 30 September 2024				
Equity investments	1,204,157	–	1,518	1,205,675
Total return swap assets	–	606	–	606
	1,204,157	606	1,518	1,206,281

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets at fair value through profit or loss at 30 September 2023				
Equity investments	1,142,936	–	1,823	1,144,759
Total return swap assets	–	2,174	–	2,174
	1,142,936	2,174	1,823	1,146,933

Fair value of Level 3 investments

	30 September 2024 £'000	30 September 2023 £'000
Opening fair value of investments	1,823	25,431
Acquisition	–	583
Sales – proceeds	(61)	(21,715)
Realised gains/(losses) on equity sales	33	(1,687)
Movement in investment holding losses	(277)	(789)
Closing fair value of investments	1,518	1,823

Investments classified within Level 3 are reviewed on a regular basis by the Manager. As observable prices are not available for these investments, the Manager has used appropriate valuation techniques to derive the fair value. The Manager considers the appropriateness of the valuation model inputs, as well as the valuation result using various methods and techniques generally recognised as standard.

* Moody's credit ratings.

Financial Statements / Notes to the Financial Statements continued

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15. Financial instruments and capital disclosures continued

Financial liabilities

Valuation of Loan Notes

The Company's Loan Notes are measured at amortised cost, with the fair values and costs of early redemption set out in the Glossary on page 103. Other financial assets and liabilities of the Company are carried in the Balance Sheet at an approximation to their fair value.

There is no publicly available price for the Company's Loan Notes. Their fair market value has been derived by calculating the relative premium (or discount) of the loan versus the publicly available market price of the reference market instrument and exchange rates. As this price is derived by a model, using observable inputs, it would be categorised as Level 2 under the fair value hierarchy.

The financial liabilities in the table below are shown at their fair value, being the amount at which the liability may be transferred in an orderly transaction between market participants.

Financial liabilities at 30 September 2024	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Loan Notes	–	(153,096)	–	(153,096)
Total return swap liabilities	–	(4,414)	–	(4,414)
	–	(157,510)	–	(157,510)

Financial liabilities at 30 September 2023	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Loan Notes	–	(124,487)	–	(124,487)
Total return swap liabilities	–	(20,873)	–	(20,873)
	–	(145,360)	–	(145,360)

The fair value of the total return swaps is derived using the market price of the underlying instruments and exchange rates and therefore would be categorised as Level 2.

Capital management policies and procedures

The structure of the Company's capital is described on page 53 and details of the Company's reserves are shown in the Statement of Changes in Equity on page 64.

The Company's capital management objectives are:

- to ensure that it will be able to continue as a going concern;
- to achieve capital growth through a focused portfolio of investments, particularly in companies whose share prices stand at a discount to estimated underlying net asset value, through an appropriate balance of equity capital and debt; and
- to maximise the return to shareholders while maintaining a capital base to allow the Company to operate effectively and meet obligations as they fall due.

The Board, with the assistance of the Investment Manager, regularly monitors and reviews the broad structure of the Company's capital on an ongoing basis. These reviews include:

- the level of gearing, which takes account of the Company's position and the Investment Manager's views on the market; and
- the extent to which revenue in excess of that which is required to be distributed should be retained.

The Company's objectives, policies and processes for managing capital are unchanged from last year but the Directors are proposing that shareholders adopt a revised Investment Policy at the AGM to be held on 19 December 2024.

The Company is subject to externally imposed capital requirements:

- a) as a public company, the Company is required to have a minimum share capital of £50,000; and
- b) in accordance with the provisions of Sections 832 and 833 of the Companies Act 2006, the Company, as an investment company:
 - (i) is only able to make a dividend distribution to the extent that the assets of the Company are equal to at least one and a half times its liabilities after the dividend payment has been made; and
 - (ii) is required to make a dividend distribution with respect to each accounting year such that it does not retain more than 15% of the income that it derives from shares and securities in that year.

These requirements are unchanged since last year and the Company has complied with them at all times.

16. Derivatives

The Company may use a variety of derivative contracts, including total return swaps, to enable it to gain long exposure to individual securities. Derivatives are valued by reference to the underlying market value of the corresponding security.

	At 30 September 2024 £'000	At 30 September 2023 £'000
Total return swaps		
Current assets	606	2,174
Current liabilities	(4,414)	(20,873)
Net value of derivatives	(3,808)	(18,699)

The gross positive exposure on total return swaps as at 30 September 2024 was £58,296,000 (30 September 2023: £70,934,000) and the total negative exposure of total return swaps was £53,100,000 (30 September 2023: £46,986,000). The liabilities are secured against assets held with Jefferies International Limited. The collateral held as at 30 September 2024 was £23,113,000 (30 September 2023: £39,325,000).

17. Contingencies, guarantees and financial commitments

At 30 September 2024, the Company had no significant financial commitments.

18. Related party transactions and transactions with the Investment Manager

Fees paid to the Company's Directors are disclosed in the Report on Remuneration Implementation on page 90. At the year-end, £nil was outstanding due to Directors (2023: £nil).

The transaction pursuant to the IMA with AVI is set out in the Report of the Directors on page 56. Management fees for the year amounted to £7,611,000 (2023: £6,891,000).

As at the year-end, the following amounts were outstanding in respect of management fees: £nil (2023: £573,000).

19. Post balance sheet events

Since the year-end, the Company has bought back 3,025,000 Ordinary Shares with a nominal value of £60,500 at a total cost of £6,966,000.