Financial Statements / Statement of Comprehensive Income

For the year ended 30 September 2023

	Notes	2023 Revenue return £'000	2023 Capital return £'000	2023 Total £'000	2022 Revenue return £'000	2022 Capital return £'000	2022 Total £'000
Income							
Investment income	2	24,450	–	24,450	23,113	–	23,113
Gains/(losses) on financial assets and financial liabilities held at fair value	8	–	112,909	112,909	–	(120,670)	(120,670)
Exchange gains on currency balances		–	3,138	3,138	–	1,839	1,839
		24,450	116,047	140,497	23,113	(118,831)	(95,718)
Expenses							
Investment management fee	3	(2,067)	(4,824)	(6,891)	(2,295)	(5,355)	(7,650)
Other expenses	3	(1,782)	–	(1,782)	(2,594)	(32)	(2,626)
Profit/(loss) before finance costs and taxation		20,601	111,223	131,824	18,224	(124,218)	(105,994)
Finance costs	4	(1,381)	(3,262)	(4,643)	(963)	(2,272)	(3,235)
Exchange gains/(losses) on loan revaluation	4	–	6,135	6,135	–	(838)	(838)
Profit/(loss) before taxation		19,220	114,096	133,316	17,261	(127,328)	(110,067)
Taxation	5	821	–	821	(959)	–	(959)
Profit/(loss) for the year		20,041	114,096	134,137	16,302	(127,328)	(111,026)
Earnings per Ordinary Share	7	4.19p	23.83p	28.02p	3.24p	(25.30p)	(22.06p)

The total column of this statement is the Income Statement of the Company prepared in accordance with UK-adopted international accounting standards in conformity with the requirements of UK IFRS. The supplementary revenue return and capital return 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 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 2023

	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 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**
For the year ended 30 September 2022							
Balance as at 30 September 2021	11,600	7,335	28,078	1,016,881	41,406	27,922	1,133,222
Ordinary Shares bought back and held in treasury	–	–	–	(7,997)	–	–	(7,997)
Ordinary Shares held in treasury cancelled	(555)	555	–	–	–	–	–
Ordinary Shares bought back for cancellation	(304)	304	–	(28,681)	–	–	(28,681)
Cost of Share Split	–	–	–	(36)	–	–	(36)
Total comprehensive income for the year	–	–	–	(127,328)	–	16,302	(111,026)
Ordinary dividends paid (see note 6)	–	–	–	–	–	(16,683)	(16,683)
Prior years' dividends cancelled (see note 6)	–	–	–	–	–	709	709
Balance as at 30 September 2022	10,741	8,194	28,078	852,839	41,406	28,250	969,508

* Within the balance of the capital reserve, £765,247,000 relates to realised gains (2022: £757,415,000) which under the Articles of Association is distributable by way of dividend. The remaining £145,020,000 relates to unrealised gains and losses on financial instruments (2022: £95,424,000) and is non-distributable.

** Revenue reserve is fully distributable by way of dividend.

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

Financial Statements / Balance Sheet
As at 30 September 2023

	Notes	2023 £'000	2022 £'000
Non-current assets			
Investments held at fair value through profit or loss	8	**1,144,759**	986,431
		1,144,759	986,431
Current assets			
Total return swap assets	8,9,16	**2,174**	–
Investments held at fair value through profit or loss	8	**–**	22,359
Trade receivables, prepayments and other debtors	9	**45,674**	25,217
Cash and cash equivalents	10	**4,231**	67,274
		52,079	114,850
Total assets		**1,196,838**	1,101,281
Current liabilities			
Total return swap liabilities	8,11,16	**(20,873)**	–
Trade payables, accruals and short term borrowings	11	**(3,398)**	(8,880)
		(24,271)	(8,880)
Total assets less current liabilities		**1,172,567**	1,092,401
Non-current liabilities			
4.184% Series A Sterling Unsecured Loan 2036	12	**(29,920)**	(29,913)
3.249% Series B Euro Unsecured Loan 2036	12	**(25,960)**	(26,235)
2.93% Euro Unsecured Loan 2037	12	**(17,250)**	(17,430)
1.38% JPY Senior Unsecured Loan Notes 2032	12	**(43,761)**	(49,315)
1.44% JPY Senior Unsecured Loan Notes 2033	12	**(24,658)**	–
		(141,549)	(122,893)
Net assets		**1,031,018**	969,508
Equity attributable to equity shareholders			
Ordinary Share capital	13	**10,155**	10,741
Capital redemption reserve		**8,780**	8,194
Share premium		**28,078**	28,078
Capital reserve		**910,267**	852,839
Merger reserve		**41,406**	41,406
Revenue reserve		**32,332**	28,250
Total equity		**1,031,018**	969,508
Net asset value per Ordinary Share – basic and diluted	14	**223.08p**	197.27p
Number of shares in issue excluding Treasury	13	**462,173,682**	491,451,568

These financial statements were approved and authorised for issue by the Board of AVI Global Trust plc on 9 November 2023 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 2023

	2023 £'000	2022 £'000
Reconciliation of profit/(loss) before taxation to net cash (outflow)/inflow from operating activities		
Profit/(loss) before taxation	**133,316**	(110,067)
(Gains)/losses on investments held at fair value through profit or loss	**(112,909)**	120,670
(Increase)/decrease in debtors and other receivables	**(39,985)**	2,083
Increase/(decrease) in creditors and other payables	**1,004**	(127)
Taxation refunded/(paid)	**671**	(739)
Exchange gains on Loan Notes and revolving credit facility	**(10,921)**	(3,813)
Amortisation of loan issue expenses	**39**	24
Net cash (outflow)/inflow from operating activities	**(28,785)**	8,031
Investing activities		
Purchases of investments	**(516,837)**	(355,855)
Sales of investments	**527,529**	404,053
Cash inflow from investing activities	**10,692**	48,198
Financing activities		
Dividends paid	**(15,959)**	(16,684)
Cancelled dividends	**–**	709
Payments for Ordinary Shares bought back	**(58,722)**	(35,330)
Cost of Share Split	**–**	(36)
Drawdown of revolving credit facility	**49,144**	–
Repayment of revolving credit facility	**(44,359)**	(55,149)
Issue of loans net of costs	**24,753**	49,311
Cash (outflow) from financing activities	**(45,143)**	(57,179)
Decrease in cash and cash equivalents	**(63,236)**	(950)
Reconciliation of net cash flow movements in funds:		
Cash and cash equivalents at beginning of year	**67,274**	68,418
Exchange rate movements	**193**	(194)
Decrease in cash and cash equivalents	**(63,236)**	(950)
Decrease in net cash	**(63,043)**	(1,144)
Cash and cash equivalents at end of year	**4,231**	67,274
Dividends received	**23,498**	20,837
Interest paid	**2,075**	2,109

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

Financial Statements / Notes to the Financial Statements

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 war in Ukraine, the ongoing Israel/Palestine conflict, political and economic instability in the UK, supply shortages 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 2024, the impact on future cash flows as a result of this through to September 2028 and the expiry of the revolving credit facility 26 August 2024. 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, borrowing facilities 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 year under review, the Company has applied amendments to IFRS issued by the IASB adopted in conformity with UK IFRS. These include annual improvements to IFRS, changes in standards, legislative and regulatory amendments, changes in disclosure and presentation requirements. This incorporated:

- Onerous contracts — Cost of Fulfilling a Contract (Amendments to IAS 37);
- Reference to the Conceptual Framework (Amendments to IFRS 3); and
- Annual improvements to IFRS Standards.

The adoption of the changes to accounting standards has had no material impact on these or prior years' financial statements. There are amendments to IAS/IFRS that will apply from 1 October 2023 as follows:

- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2);
- Initial application of IFRS 17 and IFRS 9 – Comparative Information (Amendments to IFRS 17);
- Definition of Accounting Estimates (Amendments to IAS 8); and
- Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction – Amendments to IAS 12 Income Taxes.

Amendments to IAS/IFRS applicable from 1 October 2024 are:

- Classification of liabilities as current or non-current (Amendments to IAS 1); and
- Non-current liabilities with Covenants (Amendments to IAS 1).

The Directors do not anticipate that the adoption of these will have a material impact on the financial statements in current or future years.

Financial Statements / Notes to the Financial Statements continued

1. General information and accounting policies continued

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.

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; 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 were no significant judgements or estimates which had a significant impact on 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 (the 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 expiration, realised gains and losses are also recognised in the Statement of Comprehensive Income as capital items.

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 as Cash collateral receivable from brokers 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.

Trade receivables, prepayments and other debtors

Trade receivables, prepayments and other debtors are measured at amortised cost or estimated fair value, with balances revalued for exchange rate movements.

Trade payables and short term borrowings
Trade payables and short term borrowings are measured at amortised cost and revalued for exchange rate movements.

Revolving credit facility
The revolving credit facility is recognised at amortised cost and revalued for exchange rate movements.

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.

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
The non-current liabilities are valued at amortised cost. Costs in relation to arranging the debt finance have been capitalised and are amortised over the term of the finance. Hence, amortised cost is the par value less the amortised costs of issue.

The Euro Loan Notes are shown at amortised cost with the exchange difference on the principal amounts to be repaid reflected. Any gain or loss arising from changes in the exchange rate between Euro and Sterling is included in the capital reserves and shown in the capital column of the Statement of Comprehensive Income.

The JPY Loan Notes are shown at amortised cost with the exchange difference on the principal amounts to be repaid reflected. Any gain or loss arising from changes in the exchange rate between JPY and Sterling is 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.

Financial Statements / Notes to the Financial Statements continued

1. General information and accounting policies continued

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.

2. Income

	2023 £'000	2022 £'000
Income from investments		
UK dividends	**296**	524
Overseas dividends	**21,544**	21,821
Income from fixed interest securities	**240**	97
	22,080	22,442
Other income		
Deposit interest	**3,005**	669
Total return swap dividends*	**(416)**	–
Total return swap interest	**–**	(22)
Exchange (losses)/gains on receipt of income*	**(421)**	24
Interest received on corporation tax refunds	**202**	–
	24,450	23,113

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

3. Investment management fee and other expenses

	2023 Revenue return £'000	2023 Capital return £'000	2023 Total £'000	2022 Revenue return £'000	2022 Capital return £'000	2022 Total £'000
Management fee	**2,067**	**4,824**	**6,891**	2,295	5,355	7,650
Other expenses:						
Directors' emoluments – fees	**190**	**–**	**190**	183	–	183
Auditor's remuneration – audit	**54**	**–**	**54**	45	–	45
Marketing	**573**	**–**	**573**	570	–	570
Printing and postage costs	**69**	**–**	**69**	71	–	71
Registrar fees	**95**	**–**	**95**	108	–	108
Custodian fees	**83**	**–**	**83**	263	–	263
Depositary fees	**123**	**–**	**123**	144	–	144
Advisory and professional fees	**360**	**–**	**360**	560	32	592
Costs associated with dividend receipts	**18**	**–**	**18**	14	–	14
Irrecoverable VAT	**32**	**–**	**32**	101	–	101
Regulatory fees	**98**	**–**	**98**	89	–	89
Directors' insurances and other expenses	**87**	**–**	**87**	88	–	88
Charitable donations	**–**	**–**	**–**	358	–	358
	1,782	**–**	**1,782**	2,594	32	2,626

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

	2023 Revenue return £'000	2023 Capital return £'000	2023 Total £'000	2022 Revenue return £'000	2022 Capital return £'000	2022 Total £'000
Loan, debenture and revolving credit facility interest						
4.184% Series A Sterling Unsecured Loan Notes 2036	**375**	**876**	**1,251**	377	879	1,256
3.249% Series B Euro Unsecured Loan Notes 2036	**254**	**593**	**847**	247	578	825
2.93% Euro Senior Unsecured Loan Notes 2037	**152**	**354**	**506**	150	349	499
1.38% JPY Senior Unsecured Loan Notes 2032	**188**	**439**	**627**	48	113	161
1.44% JPY Senior Unsecured Loan Notes 2033	**20**	**46**	**66**	–	–	–
JPY Revolving credit facility	**62**	**144**	**206**	91	215	306
Total return swap interest	**282**	**659**	**941**	–	–	–
	1,333	**3,111**	**4,444**	913	2,134	3,047
Amortisation						
4.184% Series A Sterling Unsecured Loan Notes 2036	**–**	**7**	**7**	–	7	7
3.249% Series B Euro Unsecured Loan Notes 2036	**–**	**5**	**5**	–	5	5
2.93% Euro Senior Unsecured Loan Notes 2037	**–**	**8**	**8**	–	7	7
1.38% JPY Senior Unsecured Loan Notes 2032	**–**	**18**	**18**	–	4	4
1.44% JPY Senior Unsecured Loan Notes 2033	**–**	**1**	**1**			
JPY Revolving credit facility	**48**	**112**	**160**	49	113	162
	48	**151**	**199**	49	136	185
Bank interest						
Bank debit interest	**–**	**–**	**–**	1	2	3
Total	**1,381**	**3,262**	**4,643**	963	2,272	3,235
Exchange gains/(losses) on Loan Notes*	**–**	**6,135**	**6,135**	–	(838)	(838)

* Revaluation of Euro and JPY Loan Notes.

Financial Statements / Notes to the Financial Statements continued

5. Taxation

	Year ended 30 September 2023			Year ended 30 September 2022		
	Revenue return £'000	Capital return £'000	Total £'000	Revenue return £'000	Capital return £'000	Total £'000
Analysis of (credit)/charge for the year						
Overseas tax not recoverable*	**1,638**	**–**	**1,638**	1,769	–	1,769
Withholding tax received previously written off	**(29)**	**–**	**(29)**	(810)	–	(810)
Corporation tax refund**	**(2,430)**	**–**	**(2,430)**	–	–	–
Tax (credit)/charge for the year	**(821)**	**–**	**(821)**	959	–	959

* 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 (2022: higher) than the standard rate of corporation tax in the UK of 22% (2022: 19%). The differences are explained below:

	Year ended 30 September 2023			Year ended 30 September 2022		
	Revenue return £'000	Capital return £'000	Total £'000	Revenue return £'000	Capital return £'000	Total £'000
Profit/(loss) before taxation	**19,220**	**114,096**	**133,316**	17,261	(127,328)	(110,067)
Profit/(loss) before taxation multiplied by the standard rate of corporation tax of 22% (2022: 19%)	**4,229**	**25,101**	**29,330**	3,280	(24,192)	(20,912)
Effects of:						
– UK dividend income	**(65)**	**–**	**(65)**	(99)	–	(99)
– Tax – exempt overseas investment income	**(4,648)**	**–**	**(4,648)**	(4,151)	–	(4,151)
– (Gains)/losses on investments, exchange gains on capital items and movement on fair value of derivative financial instruments	**–**	**(26,880)**	**(26,880)**	–	22,737	22,737
– Current period tax losses not utilised	**484**	**1,779**	**2,263**	746	1,455	2,201
– Corporate interest restriction	**–**	**–**	**–**	93	–	93
– Withholding tax received previously written off	**(29)**	**–**	**(29)**	(810)	–	(810)
– Overseas tax not recoverable	**1,638**	**–**	**1,638**	1,769	–	1,769
– Corporation tax refunds	**(2,430)**	**–**	**(2,430)**	–	–	–
– Disallowed expenses	**–**	**–**	**–**	85	–	85
– Offshore income gains	**–**	**–**	**–**	46	–	46
Tax (credit)/charge for the year	**(821)**	**–**	**(821)**	959	–	959

At 30 September 2023, the Company had management expenses of £96,478,000 (30 September 2022: £87,430,000), a non-trade loan relationship deficit of £23,688,000 (30 September 2022: £22,093,000) and carried forward disallowed interest expense of £6,805,000 (30 September 2022: £6,783,000) that are potentially available to offset future taxable revenue. A deferred tax asset of £31,743,000 (30 September 2022: £29,076,000), 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 to maintain its approval as an investment trust company.

6. Dividends

	2023 £'000	2022 £'000
Amounts recognised as distributions to equity holders in the year:		
Final dividend for the year ended 30 September 2022 of 2.10p (2022: 2.10p) per Ordinary Share	**10,258**	10,685
Interim dividend for the year ended 30 September 2023 of 1.20p (2022: 1.20p) per Ordinary Share	**5,701**	5,999
	15,959	16,684

During the year ended 30 September 2022 £709k was received in respect of prior years' dividends cancelled†.

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.

	2023 £'000	2022 £'000
Interim dividend for the year ended 30 September 2023 of 1.20p (2022: 1.20p) per Ordinary Share	**5,701**	5,999
Proposed final dividend for the year ended 30 September 2023 of 2.30p (2022: 2.10p) per Ordinary Share	**10,514***	10,275
Proposed special dividend for the year ended 30 September 2023 of 0.20p (2022: nil) per Ordinary Share	**914***	–
	17,129	16,274

* Based on shares in circulation on 9 November 2023.
† This includes the disposal of 66,648 ordinary 10p shares from dividend proceeds reinvested, realising £709,000.

7. Earnings per Ordinary Share

The earnings per Ordinary Share is based on the Company's net profit after tax of £134,137,000 (2022: net loss of £111,026,000) and on 478,739,622 (2022: 503,274,200*) 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 2023			30 September 2022		
Basic and diluted	**Revenue**	**Capital**	**Total**	Revenue	Capital	Total
Net profit/(loss) (£'000)	**20,041**	**114,096**	**134,137**	16,302	(127,328)	(111,026)
Weighted average number of Ordinary Shares			**478,739,622**			503,274,200*
Earnings per Ordinary Share	**4.19p**	**23.83p**	**28.02p**	3.24p	(25.30)p	(22.06)p

* 2022 figure restated for Share Split.

There are no dilutive instruments issued by the Company (2022: none).

Financial Statements / Notes to the Financial Statements continued

8. Investments held at fair value through profit or loss

	30 September 2023					30 September 2022		
	Equities £'000	Debt securities £'000	Unrealised derivatives asset £'000	Unrealised derivatives liabilities £'000	Total £'000	Equities £'000	Debt securities £'000	Total £'000
Financial assets held at fair value								
Opening book cost	888,954	20,893	–	–	909,847	934,242	–	934,242
Opening investment holding gains	97,477	1,466	–	–	98,943	260,868	–	260,868
Opening fair value	986,431	22,359	–	–	1,008,790	1,195,110	–	1,195,110
Movement in the year:								
Purchases at cost	472,751	39,655	–	–	512,406	371,443	20,893	392,336
Sales/Close – Proceeds	(443,380)	(60,041)	(4,624)	–	(508,045)	(457,986)	–	(457,986)
– realised gains/(losses) on sales and close of total return swaps	65,525	(507)	4,624	–	69,642	41,255	–	41,255
Increase/(decrease) in investment holding gains	63,432	(1,466)	2,174	(20,873)	43,267	(163,391)	1,466	(161,925)
Closing fair value of investments	1,144,759	–	2,174	(20,873)	1,126,060	986,431	22,359	1,008,790
Closing book cost	983,849	–	–	–	983,849	888,954	20,893	909,847
Closing investment holding gains	160,910	–	2,174	(20,873)	142,211	97,477	1,466	98,943
Closing fair value	1,144,759	–	2,174	(20,873)	1,126,060	986,431	22,359	1,008,790

Financial assets and liabilities held at fair value	30 September 2023 £'000	30 September 2022 £'000
Equities	1,144,759	986,431
Fixed interest securities	–	22,359
Total return swaps – asset	2,174	–
Total return swaps – liability	(20,873)	–
	1,126,060	1,008,790

	Year ended 30 September 2023 £'000	Year ended 30 September 2022 £'000
Transaction costs		
Cost on acquisitions	457	304
Cost on disposals	350	402
	807	706
Analysis of capital gains		
Gains on sales/close out of financial assets	69,642	41,255
Movement in investment holding gains for the year	43,267	(161,925)
Net gains/(losses) on investments	112,909	(120,670)

The Company received £508,045,000 (2022: £457,986,000) from investments sold in the year. The book cost of these investments when they were purchased was £438,403,000 (2022: £416,731,000). 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 ten interests amounting to an investment of 3% or more of the equity capital which are set out in the Investment Portfolio on pages 22 and 23.

9. Trade receivables, prepayments and other debtors

	2023 £'000	2022 £'000
Total returns swap	**2,174**	–
Trade receivables, prepayments and other debtors		
Sales for future settlement	**3,271**	22,948
Cash collateral receivable	**39,325**	
Tax recoverable	**456**	306
Prepayments and accrued income	**2,585**	1,914
VAT recoverable	**37**	49
Total trade receivables, prepayments and other debtors	**45,674**	25,217

Cash collateral receivable is cash held at Jefferies International Limited (the prime broker). The cash is held at the prime broker 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

	2023 £'000	2022 £'000
Cash at bank	**4,231**	6,274
Liquidity account	**–**	61,000
	4,231	67,274

11. Current liabilities

	2023 £'000	2022 £'000
Total return swap	**20,873**	–
Revolving credit facility	**–**	–
Trade payables, accruals and short term borrowings		
Purchases for future settlement	**1,303**	5,734
Amounts owed for share buybacks	**3**	2,058
Management fees	**573**	–
Interest payable	**648**	657
Other payables	**871**	431
Total trade payables, accruals and short term borrowings	**3,398**	8,880
	24,271	8,880

Revolving credit facility

On 29 April 2019, the Company entered into an agreement with Scotiabank Europe Plc for a JPY4.0bn (£27,700,000) unsecured revolving credit facility (the facility) for a period of three years.

The facility was increased to JPY9.0bn and converted to a multi-currency facility with drawings available in Japanese Yen, Pounds Sterling, US Dollars and Euros on 5 March 2020, with an interest rate of 0.75% over LIBOR on any drawn balances.

On 26 August 2021 the facility was further increased and subsequently reduced to JPY8.0bn on 24 July 2023. The agreement was additionally novated in reference to the relevant changes in interest calculations with the discontinuation of LIBOR and extended to 26 August 2024.

The interest chargeable will be 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);

* Risk free rate (RFR) – is the rate of return from an investment with zero risk. This is calculated by deducting the inflation rate from the yield of the relevant Treasury bond. The Treasury bond issued in the relevant currency is equivalent to zero risk.

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

Financial Statements / Notes to the Financial Statements continued

11. Current liabilities continued

- 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 are charged at 0.35% and any undrawn portion above this is charged at 0.30%.

Under the terms of the facility, the covenant requires that the net assets shall not be less than £300m and the adjusted net asset coverage to borrowings shall not be 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.

	At 30 September 2023		At 30 September 2022	
	¥'000	£'000	¥'000	£'000
Opening balance	–	–	9,000,000	59,821
Proceeds from amounts drawn	8,000,000	49,144	–	–
Repayment	(8,000,000)	(44,359)	(9,000,000)	(55,149)
Exchange rate movement	–	(4,785)	–	(4,672)
Total	–	–	–	–

12. Non-current liabilities

	2023 £'000	2022 £'000
4.184% Series A Sterling Unsecured Loan Notes 2036	29,920	29,913
3.249% Series B Euro Unsecured Loan Notes 2036	25,960	26,235
2.93% Euro Senior Unsecured Loan Notes 2037	17,250	17,430
1.38% JPY Senior Unsecured Loan Notes 2032	43,761	49,315
1.44% JPY Senior Unsecured Loan Notes 2033	24,658	–
Total	141,549	122,893

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

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 (2022: 2p)		
Balance at beginning of the year	**537,052,524**	10,741
Ordinary Shares bought back and cancelled	**(29,277,886)**	(586)
Balance at end of the year	**507,774,638**	10,155
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	**462,173,682**	

At 30 September 2023, 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 2023, 29,277,886 Ordinary Shares of 2p were bought back for cancellation for an aggregate consideration of 56,668,000 (2022: 15,225,722 shares for aggregate consideration of £28,681,000).

The allotted, called up and fully paid shares at 30 September 2023 consisted of 507,774,638 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 consisted of 462,173,682 as at 30 September 2023.

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 2023		30 September 2022	
	NAV per Ordinary Share Pence	**Net asset value attributable £'000**	NAV per Ordinary Share Pence	Net asset value attributable £'000
Basic and diluted	**223.08**	**1,031,018**	197.27	969,508

Net asset value per Ordinary Share is based on net assets and on 462,173,682 Ordinary Shares (2022: 491,451,568), being the number of Ordinary Shares in issue excluding Treasury Shares at the year-end.

15. Financial instruments and capital disclosures

Investment objective and policy
The Company's investment objective and policy are detailed on page 54.

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.

Financial Statements / Notes to the Financial Statements continued

15. Financial instruments and capital disclosures continued

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 Russian invasion of Ukraine, the ongoing Israel/Palestine conflict, UK political instability, 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 £1,142,936,000 (2022: £961,000,000) decreased or increased by 20%, then it would have had an adverse/positive impact on the Company's capital return and equity of £228,587,000 (2022: £192,200,000).

As at 30 September 2023, £1,823,000 (2022: £25,341,000) 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 2023 would have decreased the net assets attributable to the Company's shareholders by £365,000 (30 September 2022: £5,068,000); 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 £47,448,000 (2022: £40,462,000).

The currency exposure is as follows:

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

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.

	GBP £'000	EUR £'000	USD £'000	SEK £'000	JPY £'000	NOK £'000	INR £'000	Total £'000
At 30 September 2022								
Other receivables	795	15,034	8,337	–	1,051	–	–	25,217
Cash and cash equivalents	67,274	–	–	–	–	–	–	67,274
Other payables	(7,351)	(392)	–	(106)	(1,031)	–	–	(8,880)
4.184% Series A Sterling Unsecured Loan Notes 2036	(29,913)	–	–	–	–	–	–	(29,913)
3.249% Series B Euro Unsecured Loan Notes 2036	–	(26,235)	–	–	–	–	–	(26,235)
2.93% Euro Senior Unsecured Loan Notes 2037	–	(17,430)	–	–	–	–	–	(17,430)
1.38% JPY Senior Unsecured Loan Notes 2032	–	–	–	–	(49,315)	–	–	(49,315)
Revolving credit facility	–	–	–	–	–	–	–	–
Currency exposure on net monetary items	30,805	(29,023)	8,337	(106)	(49,295)	–	–	(39,282)
Investments held at fair value through profit or loss – equities	129,463	163,571	379,535	13,989	186,945	101,232	34,055	1,008,790
Total net currency exposure	160,268	134,548	387,872	13,883	137,650	101,232	34,055	969,508

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 2023 £'000	At 30 September 2022 £'000
Exposure to floating interest rates:		
Fixed interest securities	**–**	22,359
Cash collateral receivable from broker	**39,325**	–
Cash and cash equivalents	**4,231**	67,274
JPY revolving credit facility	**–**	–

Financial Statements / Notes to the Financial Statements continued

15. Financial instruments and capital disclosures continued

Interest rate risk continued

	30 September 2023		30 September 2022	
	Book cost £'000	**Fair value £'000**	Book cost £'000	Fair value £'000
4.184% Series A Sterling Unsecured Loan Notes 2036	**45,689**	**25,051**	29,913	25,127
3.249% Series B Euro Unsecured Loan Notes 2036	**36,588**	**22,158**	26,235	22,668
2.93% Euro Senior Unsecured Loan Notes 2037	**24,717**	**13,936**	17,430	14,214
1.38% JPY Senior Unsecured Loan Notes 2032	**49,377**	**40,584**	49,315	48,640
1.44% JPY Senior Unsecured Loan Notes 2033	**28,265**	**22,757**	–	–
Total	**184,636**	**124,487**	122,893	110,649

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 £43,556,000 (2022: £67,274,000) cash and cash equivalents, the assets are readily realisable and further short-term flexibility is available through the use of bank borrowings. 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 2023						
4.184% Series A Sterling Unsecured Loan Notes 2036	**(1,255)**	**(1,255)**	**(1,255)**	**(8,786)**	**(33,138)**	**(45,689)**
3.249% Series B Euro 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 Note 2032	**(606)**	**(606)**	**(606)**	**(47,559)**	**–**	**(49,377)**
1.44% JPY Senior Unsecured Loan Note 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)**

	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 2022						
4.184% Series A Sterling Unsecured Loan Notes 2036	(1,255)	(1,255)	(1,255)	(8,786)	(34,393)	(46,944)
3.249% Series B Euro Unsecured Loan Notes 2036	(855)	(855)	(855)	(5,982)	(29,293)	(37,840)
2.93% Euro Senior Unsecured Loan Notes 2037	(514)	(514)	(514)	(3,596)	(20,360)	(25,498)
1.38% JPY Senior Unsecured Loan Notes 2032	(683)	(683)	(683)	(54,275)	–	(56,324)
Other payables	(8,880)	–	–	–	–	(8,880)
	(12,187)	(3,307)	(3,307)	(72,639)	(84,046)	(175,486)

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 £52,079,000 (2022: £114,850,000).

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.

Financial assets at fair value through profit or loss at 30 September 2023	**Level 1 £'000**	**Level 2 £'000**	**Level 3 £'000**	**Total £'000**
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**

Financial assets at fair value through profit or loss at 30 September 2022	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equity investments	961,000	–	25,431	986,431
Fixed interest securities	22,359	–	–	22,359
	983,359	–	25,431	1,008,790

Fair value of Level 3 investments

	30 September 2023 £'000	30 September 2022 £'000
Opening fair value of investments	**25,431**	3,081
Acquisition	**583**	31,179
Transfer from Level 1 to Level 3 in the year	**–**	–
Sales – proceeds	**(21,715)**	(8,249)
Realised gain/(loss) on equity sales	**(1,687)**	441
Movement in investment holding gains	**(789)**	(1,021)
Closing fair value of investments	**1,823**	25,431

The fair values of the Level 3 investments are valued with reference to the net asset value.

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 104. 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.

* Moody's credit ratings.

Financial Statements / Notes to the Financial Statements continued

15. Financial instruments and capital disclosures continued

Financial liabilities continued

Valuation of Loan Notes continued

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 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)

Financial liabilities at 30 September 2022	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Loan Notes	–	(110,649)	–	(110,649)
	–	(110,649)	–	(110,649)

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 55 and details of the Company's reserves are shown in the Statement of Changes in Equity on page 66.

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.

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 2023 £'000	At 30 September 2022 £'000
Total return swaps		
Current assets	**2,174**	–
Current liabilities	**(20,873)**	–
Net value of derivatives	**(18,699)**	–

The gross positive exposure on total return swaps as at 30 September 2023 was £70,934,000 (30 September 2022: £nil) and the total negative exposure of total return swaps was £46,986,000 (30 September 2022: £nil). The liabilities are secured against assets held with Jefferies International Limited (the prime broker). The collateral held as at 30 September 2023 was £39,325,000 (30 September 2022: £nil).

17. Contingencies, guarantees and financial commitments

At 30 September 2023, 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 92. At the year-end, £nil was outstanding due to Directors (2022: £24,000).

The transaction pursuant to the IMA with AVI is set out in the Report of the Directors on page 58. Management fees for the year amounted to £6,891,000 (2022: £7,650,000).

As at the year-end, the following amounts were outstanding in respect of management fees: £573,000 (2022: £nil).

19. Post balance sheet events

Since the year-end, the Company has bought back 5,063,339 Ordinary Shares with a nominal value of £101,267 at a total cost of £9,930,000.

Other Reports / AIFMD Disclosures (Unaudited)

The Company's AIFM is Asset Value Investors Limited.

The AIFMD requires certain information to be made available to investors in AIFs before they invest and requires that material changes to this information be disclosed in the annual report of each AIF. Those disclosures that are required to be made pre-investment are included within an AIFMD Investor Disclosure Document. This, together with other necessary disclosures required under AIFMD, can be found on the Company's website **www.aviglobal.co.uk**.

All authorised AIFMs are required to comply with the AIFMD Remuneration Code. The AIFM's remuneration disclosures can be found on the Company's website **www.aviglobal.co.uk**.

Leverage:
For the purposes of the AIFMD, leverage is any method which increases the Company's exposure, including the borrowing of cash and the use of derivatives.

This is expressed as a ratio between the Company's exposure and its net asset value, and is calculated under the Gross and Commitment Methods in accordance with AIFMD. Under the Gross Method, exposure represents the sum of the Company's positions without taking account of any netting or hedging arrangements. Under the Commitment Method, exposure is calculated after certain hedging and netting positions are offset against each other.

The Company is required to state its maximum and actual leverage levels, calculated as prescribed by the AIFMD as at 30 September 2023. This gives the following figures:

Leverage Exposure	Gross Method	Commitment Method
Maximum Limit	**150%**	130%
Actual Level	**137%**	128%

Other Reports / Report of the Audit Committee

Role of the Audit Committee

The Audit Committee's main functions are:

- To monitor the internal financial control and risk management systems on which the Company is reliant.
- To consider whether there is a need for the Company to have its own internal audit function.
- To monitor the integrity of the half year and annual financial statements of the Company by reviewing and challenging, where necessary, the actions and judgements of the Investment Manager and the Administrator.
- To review the proposed audit programme and the subsequent Audit Report of the external Auditor and to assess the effectiveness and quality of the audit process, the nature of the non-audit work and the levels of fees paid in respect of both audit and non-audit work, in compliance with the Company's Non-Audit Services Policy.
- To make recommendations to the Board in relation to the appointment, re-appointment or removal of the Auditor, and to negotiate their remuneration and terms of engagement on audit and non-audit work.
- To monitor and review annually the external Auditor's independence, objectivity, effectiveness, resources and qualifications.

Composition of the Audit Committee

The Audit Committee comprises the whole Board, being independent Directors. Calum Thomson, a qualified chartered accountant with over 25 years' experience, has chaired the Audit Committee throughout the year. All members of the Committee have recent and relevant financial experience, and the Committee as a whole has competence relevant to the investment trust sector. The Audit Committee operates within defined terms of reference, which are available on the Company's website.

Activities During the Year:

- Carried out a tender process in respect of the 2023 Audit and made recommendations to the Board in relation to the appointment of BDO LLP as Auditor;
- Review of the Half Year Report for the period to 31 March 2023, recommending its approval to the Board;
- Consideration of the external Auditor's plan for the audit of the year end financial statements;
- Review of the Company's internal controls and risk management system, including an annual assessment of emerging and principal risks facing the Company;
- Review of the service levels provided by the Company's Custodian and Depositary;
- Review of the controls reports issued by the Company's outsourced service providers, including those issued by the Company's Administrator, Depositary, Custodian and Investment Manager;
- Review of the year-end financial statements, including a review to ensure that the financial statements issued by the Company are considered fair, balanced and understandable, and discussion of the findings of the external audit with the Auditor. Several sections of the Annual Accounts are not subject to formal statutory audit, including the Strategic Report and Investment Manager's Review; and the checking process for the financial information in these sections was considered by the Audit Committee, and by the Auditor;
- Assessment and recommendation to the Board on whether it was appropriate to prepare the Company's financial statements on the going concern basis. This review included challenging the assumptions on viability of the Company and reviewing stress tests focused on its ability to continue to meet its viability. The Board's conclusions are set out in the Report of the Directors on page 63;
- Consideration of a statement by the Directors on the long-term viability of the Company. That statement can be found on page 63;
- Recommendation of a final dividend for the year ended 30 September 2023 and an interim dividend for the period to 31 March 2023;
- Review of special dividends received in the year to determine their allocation to the revenue or capital account in the Statement of Comprehensive Income;
- Discuss the tax treatment of a material unlisted investment;
- Review of the schedule of expenditure changes; and
- Review of the Committee's terms of reference.

Significant Areas of Focus

The Committee considers in detail the annual and interim statements and its key focus in its work on the Annual Report and Accounts is that the financial statements are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy. The Committee also carefully considers the most significant issues, both operational and financial, likely to impact on the Company's financial statements.

The key area of focus for the Committee was the valuation of the investment portfolio: 99.84% of the equity investment portfolio at the year-end can be verified against daily market prices and observable price movements. The remaining 0.16% uses methodologies not based on observable inputs.

The following other areas of focus were considered throughout the year and as part of the annual audit:

- The possibility of management override of controls, because individuals have access to the Company's assets and accounting records in order to fulfil their roles. The Board, through the Audit Committee, is responsible for ensuring that suitable internal control systems to prevent and detect fraud and error are designed and implemented by the third-party service providers to the Company and is also responsible for reviewing the effectiveness of such controls.
- Valuation of assets: Most of the Company's assets are listed and regularly traded and so values for these assets can be verified from market sources. In the case of unlisted investments the Committee challenges management to ensure that valuations are reasonable and appropriate given the circumstances and information available. Valuations are also verified as part of the audit process.
- Revenue recognition: Dividends are accounted for on an ex-dividend basis and occasionally the Company receives special dividends. All revenues are reconciled and there is separation of duties between the Investment Manager and Administrator.
- Management fees: The Investment Manager's fee is the largest expense item. The Administrator ensures that each fee payment is independently verified and the amounts paid are further verified as part of the audit process.
- Debt covenants: Compliance with debt covenants is verified by the Administrator at each month end and certified to lenders and notified to the Directors.
- Going Concern and Viability: During the year and as part of the year-end review the Committee considered the Company's ability to continue to operate and its future viability. Stress tests were carried out, examining the effects of substantial falls in asset value and revenues. Throughout the year, the Audit Committee has also dedicated time to considering the likely economic effects and the impact on the Company of the war in Ukraine, the ongoing Israel/Palestine conflict, political and economic instability in the UK, supply shortages and inflationary pressures.
- Compliance with the Companies Act and Listing Rules: Reports on compliance are received and reviewed at each quarterly Board meeting.
- Investment Trust Status: A report on compliance with the requirements to maintain investment trust status is received and reviewed at each Board meeting. As part of the year-end process, the Audit Committee reviews the requirements to retain investment trust status, and in particular the minimum dividend distribution which must be made with respect to the year under review.

Other Reports / Report of the Audit Committee continued

Significant Areas of Focus continued

A further significant risk control is to ensure that the investment portfolio accounted for in the financial statements reflects physical ownership of the relevant securities. The Company uses the services of an independent Custodian (JPMorgan Chase Bank, NA) to hold the assets of the Company. The investment portfolio is reconciled regularly by the Administrator to the Custodian's records. The systems and controls operated by the Custodian are also monitored by the Depositary, J.P. Morgan Europe Limited, whose responsibilities include oversight of the safekeeping of the Company's assets. The Audit Committee meets with the Depositary, as necessary, to review the work of the Depositary, and to consider the effectiveness of the internal controls at the Custodian.

Given the nature of the Company's investments, substantial funds can be received from corporate actions at investee companies. The implementation of the corporate actions can be complex and challenging. The Committee reviews such corporate actions, and takes advice where necessary. The Committee reviews the analysis of corporate actions provided by the Investment Manager and ensures that the treatment in the financial statements is appropriate.

The Company suffers withholding tax on many of its dividends received, some of which is irrecoverable. The Audit Committee and the Investment Manager aim to ensure that any recoverable withholding tax is received in a timely manner. However, such recovery can be difficult in some jurisdictions, and the Company has incurred professional service fees in this area.

At each Audit Committee meeting, the members discussed the emerging risks that may have an impact on the Company. Topics discussed in the year under review included the continuing effects of the Russian invasion of Ukraine, the conflict in Israel and in particular increasing levels of inflation and the growing prominence of climate change.

Internal Controls

The Board confirms that there is an ongoing process for identifying, evaluating and managing the emerging and principal risks faced by the Company in line with the FRC's Guidance on Risk Management, Internal Control and Related Financial and Business Reporting published in September 2014 and the FRC's Guidance on Audit Committees published in April 2016. This process has been in place for the year under review and up to the date of approval of this report, and accords with the guidance. In particular, it has reviewed and updated the process for identifying and evaluating the significant risks affecting the Company and policies by which these risks are managed. The risks of any failure of such controls are identified in a Risk Matrix and a schedule of Key Risks, which are regularly reviewed by the Board and which identify the likelihood and severity of the impact of such risks and the controls in place to minimise the probability of such risks occurring. Where reliance is made on third parties to manage identified risks, those risks are matched to appropriate controls reported in the relevant third-party service provider's annual report on controls. The principal risks identified by the Board are set out in the Strategic Report on pages 12 to 15.

The following are the key components which the Company has in place to provide effective internal control:

- The Board has agreed clearly defined investment criteria, which specify levels of authority and exposure limits. Reports on compliance with these criteria are regularly reviewed by the Board.
- The Board has a procedure to ensure that the Company can continue to be approved as an investment company by complying with sections 1158/1159 of the Corporation Tax Act 2010.
- The Investment Manager and Administrator prepare forecasts and management accounts which allow the Board to assess the Company's activities and to review its performance.
- The contractual agreements with the Investment Manager and other third-party service providers, and adherence to them, are regularly reviewed.
- The services of and controls at the Investment Manager and other third-party suppliers are reviewed at least annually.
- The Audit Committee receives and reviews assurance reports on the controls of all third-party service providers, including the Custodian and Administrator, undertaken by professional service providers.
- The Audit Committee seeks to ensure that the Company is recovering withholding tax on overseas dividends to the fullest extent possible.
- The Investment Manager's Compliance Officer continually reviews the Investment Manager's operations. The Investment Manager also employs an independent compliance consultant. Compliance reports are submitted to the Committee at least annually.

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

As the Company has no employees, it does not have a whistle-blowing policy and procedure in place. The Company delegates its main functions to third-party providers, each of whom report on their policies and procedures to the Audit Committee.

The Audit Committee believes that the Company does not require an internal audit function, principally because the Company delegates its day-to-day operations to third parties, which are monitored by the Committee, and which provide control reports on their operations at least annually.

Audit Tender

As discussed in the 2022 Annual Report, the audit was put out to competitive tender during the year under review.

In October 2022, three audit firms were invited to take part in the tender and KPMG LLP, the incumbent auditor at the time, was also considered as a participant. Two of the firms responded that, due to varying reasons but largely in relation to operational pressure on capacity, they were unable to take part in the tender at that time. Following discussion and review of the submitted tender document, the Audit Committee agreed to receive a presentation from BDO LLP, the firm which had indicated that they were able to take part in the tender. Further to the presentation and discussions held with BDO LLP and giving consideration to the level of investment trust experience of the team, the audit fee and its independence, the Audit Committee recommended BDO LLP's appointment as Auditor to the Board. In accordance with the Statutory Audit Services Order 2014, issued by the Competition and Markets Authority (CMA Order), a competitive audit tender must be carried out at least every ten years. The Company is therefore required to carry out a tender no later than in respect of the financial year ending 30 September 2033.

External Audit Process

The Audit Committee meets at least twice a year with the Auditor. The Auditor provides a planning report in advance of the preparation of the Annual Report and a report on the annual audit. The Audit Committee has an opportunity to question and challenge the Auditor in respect of each of these reports. In addition, the Audit Committee Chairman discusses the audit plan and results of the audit with the external Auditor prior to the relevant Audit Committee meeting. After each audit, the Audit Committee reviews the audit process and considers its effectiveness. The review of the 2022 audit concluded that the audit process had worked well, and that the key matters had been adequately addressed by the auditors in 2022, KPMG LLP. At least once a year, the Audit Committee has an opportunity to discuss any aspect of the Auditor's work with the Auditor in the absence of the Investment Manager and administrators.

The Audit Committee specifically considered and discussed with the Auditor the use of Alternative Performance Measures in this Annual Report. The Auditor made a number of recommendations, which have been incorporated in the Annual Report. The Committee also requested that the Auditor would report on general practice with regards to disclosures regarding Consumer Duty, and discussed this at its October 2023 meeting. Relevant disclosures are included in this Annual Report.

Auditor Assessment and Independence

The Audit Committee has reviewed BDO's independence policies and procedures, including quality assurance procedures. It was considered that those policies and procedures remained fit for purpose. Christopher Meyrick is the Audit Partner allocated to the Company. The audit of the financial statements for the year to 30 September 2023 is his first as Audit Partner as it is the first year for which BDO have been the Company's auditors. The Committee has also taken into consideration the standing, skills and experience of the audit firm and the audit team, and is satisfied that BDO is both independent and effective in carrying out their responsibilities.

The Audit Committee has discussed the findings of the FRC's recent 2023 Audit Quality Report on the quality of audits performed by BDO and questioned the audit team on any particular areas of the findings that caused them to change their audit approach and was relevant to the audit of the Company. Whilst the Committee is disappointed with the lack of progress since the previous Audit Quality Report, it has satisfied itself that none of the shortcomings identified are directly relevant to the audit of the Company.

Fees Payable to the Auditor

Total fees payable to the Auditor were £54,000 (2022: £45,000 paid to KPMG LLP). Of the total fees, the fees for audit services were £54,000 (2022: £45,000 paid to KPMG LLP). The Audit Committee has approved and implemented a policy on the engagement of the Auditor to supply non-audit services, taking into account the recommendations of the FRC, and does not believe there to be any impediment to the Auditor's objectivity and independence.

All non-audit work to be carried out by the Auditor must be approved by the Audit Committee in advance. The cost of non-audit services provided by the Auditor for the financial year ended 30 September 2023 was £nil (2022: KPMG LLP £nil). The Audit Committee is satisfied that BDO was independent on appointment and remains independent.

Re-appointment of the Auditor

Taking into account the performance and effectiveness of the Auditor and the confirmation of their independence, the Committee recommends that BDO LLP be re-appointed as Auditor to the Company.

CMA Order

AGT has complied throughout the year ended 30 September 2023 with the provisions of the CMA Order.

Calum Thomson
Audit Committee Chairman

9 November 2023

Other Reports / Directors' Remuneration Policy

This Remuneration Policy provides details of the remuneration policy for the Directors of the Company. All Directors are independent and non-executive, appointed under the terms of Letters of Appointment, and none have a service contract. The Company has no employees.

This Remuneration Policy was last approved at the AGM of the Company held in 2022. The policy will apply until it is next put to shareholders for renewal of that approval at the Company's AGM in 2025. Any variation of the policy prior to the 2025 AGM would be submitted for shareholder approval.

The non-executive Directors of the Company are entitled to such rates of annual fees as the Board at its discretion shall from time to time determine.

In addition to the annual fee, under the Company's Articles of Association, if any Director is requested to perform extra or special services, they will be entitled to receive such additional remuneration as the Board may think fit, and such remuneration may be either in addition to or in substitution for any other remuneration that they may be entitled to receive.

Total remuneration paid to Directors is subject to an annual aggregate limit of £300,000, as set out in the Company's Articles of Association.

No component of any Director's remuneration is subject to performance factors.

The rates of fees per Director are reviewed annually. Annual fees are pro-rated where a change takes place during a financial year.

Table of Directors' Remuneration Components*

Component	Director	Rate at 30 September 2023	Purpose of reward	Operation
Annual Fee	All Directors	£34,000	For commitment as Directors of a public company	Determined by the Board at its discretion (see note 1)
Additional Fee	Chairman of the Board	£19,000	For additional responsibility and time commitment	Determined by the Board at its discretion (see note 1)
Additional Fee	Chairman of the Audit Committee	£5,000	For additional responsibility and time commitment	Determined by the Board at its discretion (see note 1)
Additional Fee	Senior Independent Director	£2,500	For additional responsibility and time commitment	Determined by the Board at its discretion (see note 1)
Additional Fee	All Directors	Discretionary	For performance of extra or special services in their role as a Director	Determined by the Board at its discretion (see notes 1 and 2)
Expenses	All Directors	N/A	Reimbursement of expenses paid by them in order to perform their duties	Reimbursement upon submission of appropriate invoices

Notes:
1. The Board only exercises its discretion in setting rates of fees after an analysis of fees paid to Directors of other companies having similar profiles to that of the Company, and consultation with third-party advisers. Individual Directors do not participate in discussions relating to their own remuneration.
2. Additional fees would only be paid in exceptional circumstances in relation to the performance of extra or special duties. No such fees were paid in the year to 30 September 2023.

* The Company has no employees. Accordingly, there are no differences in policy on the remuneration of Directors and the remuneration of employees. No Director is entitled to receive any remuneration which is performance-related. As a result, there are no performance conditions in relation to any elements of the Directors' remuneration in existence to set out in this Remuneration Policy.

Views of Shareholders

Any views expressed by shareholders on the fees being paid to Directors would be taken into consideration by the Board when reviewing levels of remuneration.

Recruitment Remuneration Principles

1. The remuneration package for any new Chairman or non-executive Director will be the same as the prevailing rates determined on the bases set out above. The fees and entitlement to reclaim reasonable expenses will be set out in Directors' Letters of Appointment.
2. The Board will not pay any introductory fee or incentive to any person to encourage them to become a Director, but may pay the fees of search and selection specialists in connection with the appointment of any new non-executive Director.
3. The Company intends to appoint only non-executive Directors for the foreseeable future.
4. The maximum aggregate fees currently payable to all Directors is £300,000.

Service Contracts

None of the Directors has a service contract with the Company. Non-executive Directors are engaged under Letters of Appointment and are subject to annual re-election by shareholders.

Loss of Office

Directors' Letters of Appointment expressly prohibit any entitlement to payment on loss of office.

Scenarios

The Chairman's and non-executive Directors' remuneration is fixed at annual rates, and there are no other scenarios where remuneration will vary unless there are payments for extra or special services in their role as Directors. It is accordingly not considered appropriate to provide different remuneration scenarios for each Director.

Statement of Consideration of Conditions Elsewhere in the Company

As the Company has no employees, a process of consulting with employees on the setting of the Remuneration Policy is not relevant.

Other Items

None of the Directors has any entitlement to pensions or pension-related benefits, medical or life insurance schemes, share options, long-term incentive plans or performance-related payments. No Director is entitled to any other monetary payment or any assets of the Company except in their capacity (where applicable) as shareholders of the Company.

Directors' and Officers' liability insurance cover is maintained by the Company, at its expense, on behalf of the Directors.

The Company has also provided indemnities to the Directors in respect of costs or other liabilities which they may incur in connection with any claims relating to their performance or the performance of the Company whilst they are Directors.

The Directors' interests in contractual arrangements with the Company are as shown in the Report of the Directors. Except as noted in the Report of the Directors, no Director was interested in any contracts with the Company during the period or subsequently.

Review of the Remuneration Policy

The Board has agreed that there would be a formal review before any change to the Remuneration Policy; and, at least once a year, the Remuneration Policy will be reviewed to ensure that it remains appropriate.

Other Reports / Report on Remuneration Implementation

This Report is prepared in accordance with Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013.

A resolution to approve this Report on Remuneration Implementation will be proposed at the AGM of the Company to be held on 20 December 2023.

Statement from the Chairman

As the Company has no employees and the Board is comprised wholly of non-executive Directors, the Board has not established a separate Remuneration Committee. Directors' remuneration is determined by the Board as a whole, at its discretion within an aggregate ceiling of £300,000 per annum. Each Director abstains from voting on their own individual remuneration.

During the year, the Board carried out a review of the level of Directors' fees in accordance with the Remuneration Policy and considered the level of non-executive director fee increases applied by investment trusts with assets of around £1bn, as well as by the Company's peer group. This review concluded that the fees would be increased with effect from 1 April 2023 to £53,000 (previously £50,000) per annum for the Chairman and £34,000 (previously £32,000) per annum for other Directors. The additional fees payable to the Chairman of the Audit Committee and to the Senior Independent Director remained unchanged, at £5,000 and £2,500 per annum respectively.

The Board is satisfied that the changes to the remuneration of the Directors are compliant with the Directors' Remuneration Policy approved by shareholders at the AGM held on 20 December 2022.

There will be no significant change in the way that the Remuneration Policy will be implemented in the course of the next financial year.

Directors' Emoluments (audited information)

Directors are only entitled to fees at such rates as are determined by the Board from time to time and in accordance with the Directors' Remuneration Policy as approved by the shareholders.

None of the Directors has any entitlement to pensions or pension-related benefits, medical or life insurance schemes, share options, long-term incentive plans or performance-related payments. No Director is entitled to any other monetary payment or any assets of the Company consequently, there are no arrangements in place for payments to past Directors.

Accordingly, the Single Total Figure table below does not include columns for any of these items or their monetary equivalents.

As the Company does not have a Chief Executive Officer or any executive Directors, there are no percentage increases to disclose in respect of their total remuneration, and it has not reported on those aspects of remuneration that relate to executive Directors.

Directors' & Officers' liability insurance is maintained and paid for by the Company on behalf of the Directors.

In line with market practice, the Company has agreed to indemnify the Directors in respect of costs, charges, losses, liabilities, damages and expenses, arising out of any claims or proposed claims made for negligence, default, breach of duty, breach of trust or otherwise, or relating to any application under Section 1157 of the Companies Act 2006, in connection with the performance of their duties as Directors of the Company. The indemnities would also provide financial support from the Company should the level of cover provided by the Directors' & Officers' liability insurance maintained by the Company be exhausted.

Voting at AGM

A binding Ordinary Resolution approving the Directors' Remuneration Policy and a non-binding Ordinary Resolution adopting the Directors' Report on Remuneration Implementation for the year ended 30 September 2022 were approved by shareholders at the AGM held on 20 December 2022. The votes cast by proxy were as follows:

Remuneration Policy	
For – % of votes cast	99.70%
Against – % of votes cast	0.23%
At Chairman's discretion – % of votes cast	0.07%
Total votes cast	160,532,124
Number of votes withheld	462,486

Report on Remuneration Implementation	
For – % of votes cast	99.69%
Against – % of votes cast	0.23%
At Chairman's discretion – % of votes cast	0.08%
Total votes cast	160,532,124
Number of votes withheld	462,486

The Directors who served during the year received the following emoluments:

Single Total Figure Table (audited information)

	Fees paid (£)		Taxable benefits (£)*		Total (£)		Percentage change (%)[1]		
Name of Director	**2023**	2022	**2023**	2022	**2023**	2022	**2022-2023**	2021-2022	2021-2020
Graham Kitchen	**47,664**	30,500	**467**	877	**48,131**	31,377	**56.3**[3]	5.2	3.4
Anja Balfour	**33,000**	30,500	**5,514**	4,450	**38,514**	34,950	**8.2**	5.2	3.4
Neil Galloway	**33,000**	30,500	**–**	–	**33,000**	30,500	**8.2**	5.2	–
June Jessop[2]	**25,000**	–	**2,404**	–	**27,404**	–	**–**	–	–
Calum Thomson	**40,500**	37,490	**864**	1,211	**41,364**	38,701	**8.0**	10.3[4]	3.4
Susan Noble[5]	**11,026**	47,500	**267**	1,287	**11,293**	48,787	**–**	5.6	3.9
Nigel Rich[6]	**–**	6,704	**–**	–	**–**	6,704	**–**	–	4.3
	190,190	183,194	**9,516**	7,825	**199,706**	191,019			

* Reimbursement of travel expenses.
1 The average percentage change over the previous financial years. Fees for Directors who were appointed or resigned during the year were calculated on a pro-rata basis, in order to provide a meaningful figure.
2 Appointed 1 January 2023.
3 Mr Kitchen was appointed as Chairman with effect from 20 December 2022 and since then received the additional fee for this function.
4 Mr Thomson was appointed as Senior Independent Director with effect from 16 December 2021 and since then received the additional fee for this function.
5 Retired 20 December 2022.
6 Retired 16 December 2021.

Sums Paid to Third Parties (audited information)

None of the fees referred to in the above table were paid to any third party in respect of the services provided by any of the Directors.

Other Benefits

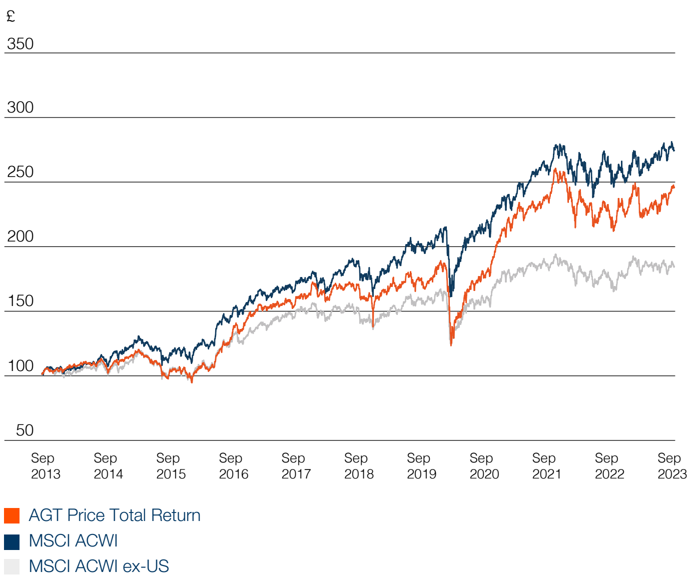
Taxable benefits – Article 100 of the Company's Articles of Association provides that Directors are entitled to be reimbursed for reasonable expenses incurred by them in connection with the performance of their duties and attendance at Board and General Meetings.

Pensions related benefits – Article 101 permits the Company to provide pension or similar benefits for Directors and employees of the Company. However, no pension schemes or other similar arrangements have been established and no Director is entitled to any pension or similar benefits.

Share Price Total Return

The chart below illustrates the total shareholder return for a holding in the Company's shares, as compared to the MSCI All Country World ex-US Index and the MSCI All Country World Index (£ adjusted total return), which have been adopted by the Board as the measure for both the Company's performance and that of the Investment Manager for the year.

Ten years to 30 September 2023



Relative Importance of Spend on Pay

The table below shows the proportion of the Company's income spent on pay.

	2023	2022	Difference
Spend on Directors' fees*	**£190,000**	£183,000	3.8%
Management fee and other expenses	**£8,673,000**	£10,276,000	(15.6)%
Distribution to shareholders:			
(a) dividends	**£15,959,000**	£16,683,000	(4.3)%
(b) share buybacks	**£56,668,000**	£36,678,000	54.5%

* As the Company has no employees the total spend on remuneration comprises only the Directors' fees.

Note: the items listed in the table above are as required by the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 ss.20, with the exception of the management fee and other expenses, which has been included because the Directors believe that it will help shareholders' understanding of the relative importance of the spend on pay. The figures for this measure are the same as those shown in note 3 to the financial statements.

Statement of Directors' Shareholding and Share Interests (audited information)

Neither the Company's Articles of Association nor the Directors' Letters of Appointment require a Director to own shares in the Company. The interests of the Directors and their connected persons in the equity and debt securities of the Company at 30 September 2023 (or date of retirement if earlier or date of appointment, if later) are shown in the table below:

	Ordinary Shares	
Director	2023	2022
Graham Kitchen	**109,500**[1]	74,500[1]
Susan Noble[†]	**55,150**	55,150
Anja Balfour	**36,500**	36,500
Neil Galloway	**25,000**	–
June Jessop[††]	**28,000**	–
Calum Thomson	**44,490**	44,490

[1] Includes 33,250 shares held by Jane Kitchen as at 30 September 2023 (as at 30 September 2022: 27,250).

[†] Retired 20 December 2022.

[††] Appointed 1 January 2023.

Since 30 September 2023, Neil Galloway has purchased a total of 15,000 shares in the Company. There have been no other changes to Directors' interests between 30 September 2023 and the date of this Report.

Annual Statement

On behalf of the Board and in accordance with Part 2 of Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013, I confirm that the above Report on Remuneration Implementation summarises, as applicable, for the year to 30 September 2023:

(a) the major decisions on Directors' remuneration;

(b) any substantial changes relating to Directors' remuneration made during the year; and

(c) the context in which the changes occurred and decisions have been taken.

Graham Kitchen
Chairman

9 November 2023