

Your Board

Committee membership key

- Chairman
- Member
- A Audit Committee
- M Management Engagement Committee
- N Nomination Committee
- D Disclosure Committee

Attendance at meetings

Name	Board	Management				Disclosure
		Audit	Engagement	Nomination		
Graham Kitchen*	4(5)	3(4)	1(2)	3(3)	– (–)	
Anja Balfour	5(5)	4(4)	2(2)	3(3)	– (–)	
Neil Galloway	5(5)	4(4)	2(2)	3(3)	– (–)	
June Jessop**	3(3)	2(2)	2(2)	1(1)	– (–)	
Calum Thomson	5(5)	4(4)	2(2)	3(3)	– (–)	
Susan Noble***	2(2)	2(2)	– (–)	2(2)	– (–)	

The number in brackets denotes the number of meetings each was entitled to attend. The Disclosure Committee did not meet during the period.

* Mr Kitchen was unable to attend the May 2023 meetings as he had been admitted to intensive care that week.

** Appointed 1 January 2023.

*** Retired 20 December 2022.



GRAHAM KITCHEN

Independent Non-Executive Chairman

Committee:

A M N D

Graham Kitchen succeeded Susan Noble as Chairman in December 2022.

Date of Appointment:

January 2019

External Appointments:

Interim Global Head of Investment Strategy of Perpetual Group, Chairman of Perpetual Asset Management UK Limited and Trillium Asset Management UK Ltd, Non-Executive Director of The Mercantile Investment Trust plc and Places for People.

Experience and Contribution:

Over 25 years' experience as an investment manager at Invesco, Threadneedle and, until March 2018, Janus Henderson, where he was Global Head of Equities. He was previously Chair of the Investment Committee for the Cancer Research Pension Fund, member of the investment committee of Independent Age and Chairman of Invesco Select Trust plc. Graham is an experienced fund manager and Head of Investments and brings to the Board experience both of managing investments and of managing teams of investment managers.

Last re-elected to the Board:

2022

Annual Remuneration:

£53,000

Employment by the Investment Manager:

None

Other connections with the Company or Investment Manager:

None

Shared Directorships with any other Company Directors:

None

Shareholding in Company†:

109,500 Ordinary Shares*

* 33,250 held by Jane Kitchen.



CALUM THOMSON FCA

Senior Independent Non-Executive Director

Committee:

A M N D

Date of Appointment:

April 2017

Appointed Committee Chairman:

June 2017 (Audit), February 2023 (Nomination)

External Appointments:

Non-Executive Director and Audit Committee Chairman of The Diverse Income Trust plc, The Bank of London and The Middle East plc, Ghana International Bank plc, abrdn Private Equity Opportunities Trust plc and Baring Emerging EMEA Opportunities plc*. Non-Executive Director of Schroder Unit Trusts Limited and Schroder Pension Management Limited. He is also Chairman of The Tarbat Discovery Centre (a Pictish museum) and a trustee of Suffolk Wildlife Trust.

Experience and Contribution:

A qualified accountant with over 25 years' experience in the financial services industry, including 21 years as audit partner at Deloitte LLP, specialising in the asset management sector. Calum has wide ranging experience in auditing companies in the asset management sector and latterly as a non-executive director and audit committee chairman. He is fully qualified to lead the Company's Audit Committee.

Last re-elected to the Board:

2022

Annual Remuneration:

£41,500

Employment by the Investment Manager:

None

Other connections with the Company or Investment Manager:

None

Shared Directorships with any other Company Directors:

None

Shareholding in Company†:

44,490 Ordinary Shares

† As at 9 November 2023.

* Mr Thomson intends to step down from his position as Non-Executive Director and Audit Committee Chairman of Baring Emerging EMEA Opportunities plc in the near future.



ANJA BALFOUR

Independent Non-Executive Director

Committee:

A M N D

Date of Appointment:

January 2018

External Appointments:

Chairman of The Global Smaller Companies Trust plc, a member of the Finance and Corporate Services Committee of Carnegie UK Trust and Non-Executive Director of Scottish Friendly Assurance Society.

Experience and Contribution:

Over 20 years' experience in managing Japanese and International Equity portfolios for Stewart Ivory, Baillie Gifford and Axa Framlington. Previously Chairman of Schroder Japan Growth Fund plc, a trustee of Venture Scotland and a Non-Executive Director of Martin Currie Asia Unconstrained Trust plc. Anja brings to the Board experience of managing Japanese portfolios, which is particularly relevant to the Company's Japanese equity investments, along with experience of broader international funds and, in recent years, as a non-executive director.

Last re-elected to the Board:

2022

Annual Remuneration:

£34,000

Employment by the Investment Manager:

None

Other connections with the Company or Investment Manager:

None

Shared Directorships with any other Company Directors:

None

Shareholding in Company[†]:

36,500 Ordinary Shares



NEIL GALLOWAY

Independent Non-Executive Director

Committee:

A **M** N D

Date of Appointment:

September 2021

Appointed Management Engagement Committee Chairman:

February 2023

External Appointments:

Chief Financial Officer of Pepco Group N.V.

Experience and Contribution:

25 years' experience living and working internationally. Currently based in London, he has spent most of his career working in Asia but also has experience in the Americas, Europe and the Middle East. Following a successful banking career, he has held senior finance and management roles, almost entirely with or for family-controlled companies, overseeing finance, treasury, risk management, legal, IT, projects and business development, with experience in significant business transformation programmes in large and complex businesses. He was previously Executive Vice President of IWG PLC and an Executive Director and CFO of DFI Retail Group Holdings Limited based in Hong Kong. His industry experience spans banking, hospitality, retail (mass market, luxury and franchise operations), real estate and services industries.

Last re-elected to the Board:

2022

Annual Remuneration:

£34,000

Employment by the Investment Manager:

None

Other connections with the Company or Investment Manager:

None

Shared Directorships with any other Company Directors:

None

Shareholding in Company[†]:

40,000 Ordinary Shares



JUNE JESSOP

Independent Non-Executive Director

Committee:

A M N D

Date of Appointment:

January 2023

External Appointments:

N/A

Experience and Contribution:

Previously Senior Business Manager at Stewart Investors and a member of the EMEA Management Committee of First Sentier Investors (of which Stewart Investors is a sub-brand). June has spent 30 years in financial services, gaining broad experience in portfolio management, client relationship, business development and, latterly, general management roles. She has been an investment manager for institutions, charities and private clients, including managing assets of an investment trust and investing in investment trusts on behalf of clients.

Elected to the Board:

2023

Annual Remuneration:

£34,000

Employment by the Investment Manager:

None

Other connections with the Company or Investment Manager:

None

Shared Directorships with any other Company Directors:

None

Shareholding in Company[†]:

28,000 Ordinary Shares

Governance / Report of the Directors

The Directors present their report and the audited financial statements for the year ended 30 September 2023.

Status

The Company is registered as a public limited company as defined by the Companies Act 2006 and is an investment company under Section 833 of the Companies Act 2006. It is a member of the Association of Investment Companies (AIC).

The Company has been approved as an investment trust under Sections 1158/1159 of the Corporation Tax Act 2010. The Directors are of the opinion, under advice, that the Company continues to conduct its affairs as an Approved Investment Trust under the Investment Trust (Approved Company) (Tax) Regulations 2011.

The Company's Investment Manager is authorised as an AIFM by the Financial Conduct Authority under the AIFMD regulations. The Company has provided disclosures on its website, www.aviglobal.co.uk/disclosures, incorporating the requirements of the AIFMD regulations.

Review of the Year

A review of the year and the outlook for the forthcoming year can be found in the Strategic Report and Investment Manager's Review.

Investment Objective, Policy and Restrictions

The objective of the Company is to achieve capital growth through a focused portfolio of investments, particularly in companies whose shares stand at a discount to estimated underlying net asset value.

Investments are principally in companies listed on recognised stock exchanges in the UK and/or overseas, which may include investment holding companies, investment trusts and other companies, the share prices of which are assessed to be below their estimated net asset value or intrinsic worth.

Although listed assets make up the bulk of the portfolio, the Company may also invest in unlisted assets with the prior approval of the Board.

The Company generally invests on a long-only basis but may hedge exposures through the use of derivative instruments and may also hedge its foreign currency exposures.

There are no geographic limits on exposure, as the Company invests wherever it considers that there are opportunities for capital growth. Risk is spread by investing in a number of holdings, many of which themselves are diversified companies.

The Company will not invest in any holding that would represent more than 15% of the value of its total investments at the time of investment.

Investment Objective, Policy and Restrictions continued

Potential investments falling within the scope of the Company's investment objective will differ over the course of market cycles. The number of holdings in the portfolio will vary depending upon circumstances and opportunities within equity markets at any particular time.

The Company is able to gear its assets through borrowings which may vary substantially over time according to market conditions, but gearing will not exceed twice the nominal capital and reserves of the Company.

Distribution Policy

Dividend Policy

The Company will ensure that its annual dividend each year will be paid out of the profits available for distribution and will be at least sufficient to enable it to qualify as an investment trust under the Corporation Tax Act 2010. The Board may elect to pay a special dividend if appropriate.

The Company's primary objective is to seek returns which may come from any combination of increases in the value of underlying investments, a narrowing of discounts to underlying asset value and distributions by investee companies. The Board does not set an income target for the Investment Manager.

Frequency of Dividend Payment

The Company will normally pay two dividends per year: an interim dividend declared at the time that the half year results are announced, and a final dividend declared at the time that the annual results are announced. The final dividend will be subject to shareholder approval at the Annual General Meeting each year.

Buybacks

The Company may also distribute capital by means of share buybacks when the Board believes that it is in the best interests of shareholders to do so. Authority to buy back shares is sought from shareholders at each Annual General Meeting.

Gearing Levels

The Company's Investment Policy, as disclosed above, permits a significant level of gearing, as do the Company's Articles of Association and the limits set under AIFMD (see the Company's website www.aviglobal.co.uk/disclosures).

Under normal market conditions, it is expected that the portfolio will be fully invested, although net gearing levels may fluctuate depending on the value of the Company's assets and short-term movements in liquidity.

The Company's debt as a percentage of total equity as at 30 September 2023 was 13.7%. Long-term debt comprised five tranches of Loan Notes, of £30m, €30m, €20m, JPY8bn and JPY4.5bn. The Company also has a JPY8.0bn unsecured multi-currency revolving credit facility. There were no drawings on the revolving credit facility as at 30 September 2023.

Results and Dividends

The Company's profit for the year was £134,137,000, which included a profit of £18,578,000 attributable to revenue (2022: loss of £(111,026,000) which included a profit of £16,302,000 attributable to revenue). The profit for the year attributable to revenue has been applied as follows:

	£'000
Current year revenue available for dividends	20,041
Interim dividend of 1.2p per Ordinary Share paid on 14 July 2023	5,701
Recommended final dividend payable on 4 January 2024 to shareholders on the register as at 1 December 2023 (ex dividend 30 November 2023):	
– Final dividend of 2.30p per Ordinary Share	10,514*
– Special dividend of 0.20p per Ordinary Share	914*
	17,129

* Based on shares in circulation on 9 November 2023.

The Company's capital structure comprises Ordinary Shares and Loan Notes.

Ordinary Shares

At 30 September 2023, there were 507,774,638 Ordinary Shares of 2p each in issue (2022: 537,052,524 Ordinary Shares) of which 45,600,956 (2022: 45,600,956) were held in treasury and therefore the total voting rights attaching to Ordinary Shares in issue were 462,173,682.

Income entitlement

The profits of the Company (including accumulated revenue reserves) available for distribution and resolved to be distributed shall be distributed by way of interim, final and (where applicable) special dividends among the holders of Ordinary Shares, subject to the payment of interest to the holders of Loan Notes.

Capital entitlement

After meeting the liabilities of the Company and the amounts due to Loan Note holders on a winding-up, the surplus assets shall be paid to the holders of Ordinary Shares and distributed among such holders rateably according to the amounts paid up or credited as paid up on their shares.

Voting entitlement

Each Ordinary shareholder is entitled to one vote on a show of hands and, on a poll, to one vote for every Ordinary Share held.

The Notice of Meeting and Form of Proxy stipulate the deadlines for the valid exercise of voting rights and, other than with regard to Directors not being permitted to vote their shares on matters in which they have an interest, there are no restrictions on the voting rights of Ordinary Shares.

Transfers

There are no restrictions on the transfer of the Company's shares other than a) transfers by Directors and Persons Discharging Managerial Responsibilities and their connected persons during closed periods under the Market Abuse Regulation or which may constitute insider dealing, b) transfers to more than four joint transferees and c) transfers of shares which are not fully paid up or on which the Company has a lien provided that such would not prohibit dealings taking place on an open and proper basis.

The Company is not aware of any agreements between shareholders or any agreements or arrangements with shareholders which would change in the event of a change of control of the Company.

Loan Notes

At 30 September 2023, there were in issue the following unsecured private placement notes (the Loan Notes).

Description	Issued	Income entitlement	Maturity	Estimated Fair Value
£30m 4.184% Series A Sterling Unsecured Loan Notes 2036	15 Jan 2016	4.184%	15 Jan 2036	£25.1m
€30m 3.249% Series B Euro Unsecured Loan Notes 2036	15 Jan 2016	3.249%	15 Jan 2036	£22.2m
€20m 2.93% Euro Senior Unsecured Loan Notes 2037	1 Nov 2017	2.93%	1 Nov 2037	£13.9m
JPY8bn 1.38% Senior Unsecured Loan Notes 2032	6 Jul 2022	1.38%	6 Jul 2032	£40.6m
JPY4.5bn 1.44% Senior Unsecured Loan Notes 2033	25 Jul 2023	1.44%	25 Jul 2033	£22.8m

The Loan Notes are unsecured. If the Company is liquidated, the Loan Notes are redeemable by the Company at a price which is in each case the higher of par and the terms set out in the table below:

Description	Redemption terms
£30m 4.184% Series A Sterling Unsecured Loan Notes 2036	The price at which the Gross Redemption Yield on the date of redemption is equivalent to the yield on a reference UK government bond.
€30m 3.249% Series B Euro Unsecured Loan Notes 2036 and €20m 2.93% Euro Senior Unsecured Loan Notes 2037	The price at which the Gross Redemption Yield on the date of redemption is equivalent to the yield on a reference German government bond.
JPY8bn 1.38% Senior Unsecured Loan Notes 2032	50% of the notional value of the issued loans could be redeemed at the price at which the Gross Redemption Yield on the date of redemption is equivalent to the yield on a reference Japanese government bond, while for the 50% of swapped notes the redemption price is equivalent to the yield on a reference US Treasury plus an Applicable Percentage of 0.5%.
JPY4.5bn 1.44% Senior Unsecured Loan Notes 2033	The price at which the Gross Redemption Yield on the date of redemption is equivalent to the yield on a reference Japanese government Bond.

Had the Company been liquidated on 30 September 2023, the redemption premium would have amounted to £14.5m over and above the fair values.

Voting entitlement

The holders of the Loan Notes have no right to attend or to vote at general meetings of the Company.

Debt Covenants

Under the terms of the Loan Notes, covenants require 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. The Company also has a short-term JPY8bn multi-currency revolving credit facility, the terms of which include covenants requiring 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.

Significant agreements

Other than the Loan Notes and the revolving credit facility set out above, the Company is not aware of any significant agreements to which the company is a party that take effect, alter or terminate upon a change of control of the company following a takeover bid.

Governance / Report of the Directors continued

Directors and Board Structure

The Directors of the Company are listed on pages 52 and 53. All served throughout the period under review, with the exception of June Jessop, who was appointed as a non-executive Director on 1 January 2023. Susan Noble retired from the Board on 20 December 2022.

In accordance with the AIC's Code of Corporate Governance, as this is the first AGM since her appointment, June Jessop will stand for election and the remaining Directors will retire at the forthcoming AGM and offer themselves for re-election. During the year under review, the annual review of the Board was facilitated by an external agency, Lintstock Limited. In reviewing the contribution of each Director, the Board considered the experience of each Director, as set out under the individual Directors' biographies on pages 52 and 53 and the ways in which they contributed to the Board during the year. Having considered the findings of the annual review, the Board considers that all Directors contribute effectively, possess the necessary skills and experience and continue to demonstrate commitment to their roles as non-executive Directors of the Company. It was therefore agreed that all Directors should stand for election or re-election as appropriate, and the (re-)election of each of the Directors is recommended by the Board.

The Company has 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.

New appointees to the Board are provided with a full induction programme. The programme covers the Company's investment strategy, policies and practices. The Directors are also given key information on the Company's regulatory and statutory requirements as they arise, including information on the role of the Board, matters reserved for its decision, the terms of reference for the Board Committees, the Company's corporate governance practices and procedures and the latest financial information.

It is the Chairman's responsibility to ensure that the Directors have sufficient knowledge to fulfil their roles and Directors are encouraged to participate in training courses where appropriate. The Directors have access to the advice and services of the Company Secretary through its appointed representative which is responsible to the Board for ensuring that Board procedures are followed and that applicable rules and regulations are complied with. The Company Secretary is also responsible for ensuring good information flows between all parties.

The Directors, in the furtherance of their duties, may take independent professional advice at the Company's expense.

The beneficial interests of the current Directors and their connected persons in the securities of the Company as at 30 September 2023 are set out in the Directors' Report on Remuneration Implementation on page 93.

The general powers of the Directors are contained within the relevant UK legislation and the Company's Articles of Association. The Directors are entitled to exercise all powers of the Company, subject to any limitations imposed by the Articles of Association or applicable legislation. The Articles of Association may only be amended by way of a special resolution of shareholders.

Board Independence

The Chairman and all Directors were considered independent of the Investment Manager at the time of their appointment and, in line with the guidelines of the AIC Code of Corporate Governance, all continue to be considered independent.

Policy on Tenure of Directors

The Board has a policy requiring that Directors should stand down after a maximum of nine years, but will consider the term of the Chairman separately, taking account of the need for an orderly transition.

It considers that a long association with the Company and experience of a number of investment cycles can be valuable to its deliberations and does not compromise a Director's independence. However, it does also recognise the need for progressive refreshing of the Board.

Role and Responsibilities of the Chairman

The Chairman leads the Board and is responsible for its overall effectiveness in directing the affairs of the Company. Key aspects of the Chairman's role and responsibilities are to:

- Act with objective judgement
- Promote a culture of openness and debate
- Facilitate constructive Board relations and the effective contribution of all Directors
- Working with the Company Secretary, ensure that all Directors receive accurate and timely information so that they can discharge their duties
- Seek regular engagement with the Company's shareholders
- Act on the results of the annual evaluation of the performance of the Board, its Committees and individual Directors.

Susan Noble, who was Chairman until 20 December 2022, and Graham Kitchen, who replaced her following the 2022 AGM, were independent on appointment and remain independent as set out in the AIC Code.

Role and Responsibilities of the Senior Independent Director

The key elements of the Senior Independent Director's role are to:

- Act as a sounding board for the Chairman
- Lead the annual evaluation of the Chairman as part of the annual evaluation process
- In the event of any major difference of opinion on the direction of the Company, act as an intermediary between the Chairman, other Directors and the Investment Manager
- Provide a conduit for views of shareholders in the event that the usual channels are not available or not suitable in the circumstances.

Board Committees

The Board has agreed a schedule of matters specifically reserved for decision by the full Board, subject to which the Board has delegated specific duties to Committees of the Board which operate within written terms of reference. The Board considers that, as it is comprised of independent non-executive Directors, it is not necessary to establish a separate Remuneration Committee. Each Director abstains from voting on their individual remuneration.

Link Company Matters Limited acts as Company Secretary to each Committee. No persons other than the Committee members are entitled to attend Committee meetings unless formally invited by the Committee. Copies of the terms of reference for each Board Committee are available from the Company Secretary and can be found on the Company's website. As the Company has only five Directors, all of whom are non-executive, it is the Board's policy that all Directors will sit on all Board Committees.

Audit Committee

The Audit Committee met four times in the year under review and held an additional meeting to receive a presentation from BDO LLP, as discussed in the Audit Committee report on page 88. The Committee comprises the whole Board, being independent Directors. All members of the Committee have recent and relevant financial experience and the Committee as a whole has competence relevant to the sector in which the Company operates. The Audit Committee has set out a formal Report on pages 87 to 89 of the Annual Report.

The Board notes that the AIC Code permits the Chairman of the Board to be a member of the Audit Committee of an investment trust. In light of the fact that the Board consists of only five members and recognising the Chairman's long experience in investment management, the Audit Committee resolved to continue the Chairman's appointment to the Committee.

Management Engagement Committee

The Management Engagement Committee meets at least once each year and comprises the whole Board, being independent Directors. The Committee was previously chaired by the Chairman of the Board, but during the year, Mr Galloway was appointed as Chairman of the Management Engagement Committee. The main functions of the Committee are to define the terms of the Investment Management Agreement (IMA), ensuring that the Investment Manager follows good industry practice, is competitive and continues to act in the best interests of shareholders. The Committee monitors the Investment Manager's compliance with the terms of the IMA and the Investment Manager's performance.

The Committee also reviews the services and performance of the Company's other third-party service providers. The Committee has a procedure for formal annual reviews of all service providers and also occasionally carries out further, ad hoc, reviews as it deems to be necessary.

Nomination Committee

The Nomination Committee comprises the whole Board. The Committee was previously chaired by the Chairman of the Board, but during the year Mr Thomson was appointed as Chairman of the Nomination Committee. The Nomination Committee convenes to undertake the annual appraisal of the performance of the Board, its Committees and the Directors and, if agreed, to propose the re-election of the Directors, each of whom will retire at the AGM. The Nomination Committee maintains a matrix which summarises the key skills and experience of each Director and which is reviewed at least once per year. This skills matrix is a key element of the process of ensuring that the Board has an appropriate mix of skills and experience and will be used when considering longer-term succession plans, as well as identifying any areas which may require strengthening. The matrix would also be taken into account when compiling the specification for candidates for new Board appointments.

The Nomination Committee also meets to consider succession plans and the appointment of new Directors to the Board. Candidates for nomination may be sourced from outside the Company using third-party search and selection services, as well as potential candidates known to Directors through their extensive knowledge of the industry.

As discussed in the 2022 Annual Report, the Nomination Committee managed a search and selection process for a new non-executive Director, which was concluded during the year under review. Sapphire Partners had been appointed to assist with the search and they produced a long list of candidates for the role of non-executive Director and a number were selected for interview by the Nomination Committee. Following this process, June Jessop was appointed as a non-executive Director. The Board confirms that it considers June Jessop able to devote sufficient time to the Company's affairs. There is no connection between the Directors or the Company and Sapphire Partners.

Disclosure Committee

A Disclosure Committee, comprising all Directors, meets when required to ensure that inside information is identified and disclosed, if necessary, in a timely fashion in accordance with relevant law and regulation.

Due to the necessity for meetings to be called on short notice, the quorum for the Committee is two members, one of whom shall be either the Chairman, the Chairman of the Audit Committee or the Senior Independent Director.

Diversity

The Company is committed to ensuring that any vacancies arising are filled by the most qualified candidates. The Board has adopted a diversity policy, which acknowledges the benefits of diversity, and remains committed to ensuring that the Company's Directors bring a wide range of skills, knowledge, experience, backgrounds and perspectives to the Board.

Diversity continued

Whilst the Board does not feel that it would be appropriate to set targets as all appointments are made on merit, the following objectives for the appointment of Directors have been established: (i) all Board appointments will be made on merit, in the context of the skills, knowledge and experience that are needed for the Board to be effective; and (ii) long lists of potential non-executive Directors should include diverse candidates of appropriate merit.

The Board notes the new FCA rules on diversity and inclusion on company boards, namely that from accounting periods commencing on or after 1 April 2022 included in Listing Rule 9.8.6 (9-11):

- At least 40% of individuals on the Board to be women;
- At least one senior Board position to be held by a woman; and
- At least one individual on the Board to be from a minority ethnic background.

In accordance with Listing Rule 9 Annex 2.1, the below tables, in prescribed format, show the gender and ethnic background of the Directors at the year-end.

Gender identity or sex

	Number of Board members	Percentage on the Board	Number of senior positions on the Board
Men	3	60%	2
Women	2	40%	–
Not specified/prefer not to say	–	–	–

Ethnic background

	Number of Board members	Percentage on the Board	Number of senior positions on the Board
White British or other White (including minority white groups)	5	100%	2
Mixed/Multiple Ethnic Groups	–	–	–
Asian/Asian British	–	–	–
Black/African/Caribbean/Black British	–	–	–
Other ethnic group, including Arab	–	–	–
Not specified/prefer not to say	–	–	–

The data in the above tables was collected through self-reporting by the Directors, who were asked to indicate which of the categories specified in the prescribed tables were most applicable to them.

As an externally managed company, the Company does not have any employees. The Board acknowledges the importance of diversity for the effective functioning of the Board which helps create an environment for success and effective decision making. The Board is aware of the recommendations of the Hampton-Alexander Review on gender diversity and the Parker Review on ethnic diversity and inclusion on company boards. The Company is pleased to have met the target for at least 40% of individuals on the Board to be women but does not currently meet the targets for at least one senior Board position to be held by a woman and at least one individual on the Board to be from a minority ethnic background. The targets have been and will continue to be taken into consideration in respect of the recruitment of all new Directors of the Company. The Board's decision to appoint June Jessop as a Director during the year under review was due to the Directors believing that she was the strongest candidate available to fill the vacancy.

Governance / Report of the Directors continued

As the Board is made up wholly of non-executive Directors it only has two roles which are classed in the UK Listing Rules as “senior”, namely the Chairman and Senior Independent Director. At present neither of these roles is filled by a female Director. The Board is focused on addressing all of the relevant targets and, through its Nomination Committee, will keep these matters under regular review and will take account of the targets when appointing further Board members in the future.

Management Arrangements

AVI, the Investment Manager, is the Company’s appointed AIFM, and is engaged under the terms of an IMA dated 17 July 2014. The IMA is terminable by six months’ notice from either party, other than for “cause”.

During the year under review, the Investment Manager was entitled to an annual management fee of 0.70% of the net assets of the Company, up to £1bn and 0.60% for that proportion of assets above £1bn.

J.P. Morgan Europe Limited was appointed as Depositary under an agreement with the Company and AVI dated 2 July 2014, and is paid a fee on a sliding scale between 1.00 basis points and 1.95 basis points based on the assets of the Company. The Depositary Agreement is terminable on 90 calendar days’ notice from either party.

JPMorgan Chase Bank, National Association, London Branch, has been appointed as the Company’s Custodian under an agreement dated 2 July 2014. The agreement will continue for so long as the Depositary Agreement is in effect and will terminate automatically upon termination of the Depositary Agreement, unless the parties agree otherwise.

Link Company Matters Limited was appointed as corporate Company Secretary on 1 April 2014. The current annual fee is £87,637, which is subject to an annual RPI increase. The Agreement may be terminated by either party on six months’ written notice.

During the year under review, the Board resolved that certain fund administration services, which previously had been sub-contracted by AVI, should instead be directly contracted by the Company. A contract was entered into with Link Asset Services with effect from 1 April 2023 with an annual fee of £138,508. This fee is subject to an annual increase linked to the UK RPI.

Continuing Appointment of the Investment Manager

The Board keeps the performance of the Investment Manager under continual review, and the Management Engagement Committee conducts an annual appraisal of the Investment Manager’s performance, and makes a recommendation to the Board about the continuing appointment of the Investment Manager. It is the opinion of the Directors that the continuing appointment of the Investment Manager is in the interests of shareholders as a whole. The reasons for this view are that the Investment Manager has executed the investment strategy according to the Board’s expectations and has produced positive returns relative to the broader market and the comparator benchmark.

Corporate Governance

The Listing Rules and the Disclosure Guidance and Transparency Rules (Disclosure Rules) of the UK Financial Conduct Authority require listed companies to disclose how they have applied the principles and complied with the provisions of the corporate governance code to which the issuer is subject. The provisions of the UK Corporate Governance Code (UK Code) issued by the Financial Reporting Council (FRC) in July 2018 are applicable for the year under review. The related Code of Corporate Governance (AIC Code) issued by the AIC in February 2019 addresses all of the principles set out in the UK Code, as well as setting out additional principles and recommendations on issues that are specific to investment trusts. The FRC has confirmed that AIC member companies which report against the AIC Code and which follow the AIC Guide will meet the obligations in relation to the UK Code and associated disclosure requirements of the Disclosure Rules. The Board considers that the principles and recommendations of the AIC Code provide the most appropriate framework for the Company’s governance.

The AIC Code can be viewed at www.theaic.co.uk

The UK Code can be viewed at www.frc.org.uk

The Board considers that reporting against the principles and recommendations of the AIC Code (which incorporates the UK Code) provides shareholders with full details of the Company’s Corporate Governance compliance.

Throughout the year ended 30 September 2023, the Company has complied with the provisions of the AIC Code and the relevant provisions of the UK Code, except as set out in this paragraph. As the entire Board is non-executive and consists of only five members, the Board does not have a separate Remuneration Committee. The UK Code includes provisions relating to the role of the Chief Executive, executive Directors’ remuneration and the need for an internal audit function. For the reasons set out in the AIC Code, and as explained in the UK Code, the Board considers that these provisions are not relevant to the position of the Company, being an externally managed investment company. In particular, all of the Company’s day-to-day management and administrative functions are outsourced to third parties. As a result, the Company has no executive directors, employees or internal operations and as such the Directors do not determine the need for an internal audit function to be practicable or necessary. The Company has therefore nothing to report in respect of these provisions.

The table below sets out information required under Provision 1 of the UK Code and how it is disclosed in this Annual Report:

How opportunities and risks to the future success of the business have been considered and addressed	An overview of the Company’s performance is set out in the Chairman’s Statement, and a more detailed review is set out in the Investment Manager’s Review. A detailed review of risk management is set out on pages 12 to 15.
The sustainability of the company’s business model	The sustainability of the business model is set out in the Viability Statement on page 63.
How its governance contributes to the delivery of its strategy	The approach to governance is set out in this section of the Annual Report, in particular the section 172 statement on pages 16 to 18 and the description of the Board structure on page 56.

Set out below are full details of how the Company has applied the Principles of the AIC Code:

AIC Code Principle	Compliance Statement
<p>A A successful company is led by an effective board, whose role is to promote the long-term sustainable success of the company, generating value for shareholders and contributing to wider society.</p>	<p>In managing the Company, the aim of the Board and of the Investment Manager is always to ensure the long-term sustainable success of the Company and, therefore, the likely long-term consequences of any decision are a key consideration.</p> <p>Both the Board and AVI recognise that social, human rights, community, governance and environmental issues have an effect on its investee companies. The Board supports AVI in its belief that good corporate governance will help to deliver sustainable long-term shareholder value. AVI is an investment management firm that invests on behalf of its clients and its primary duty is to produce returns for its clients. AVI seeks to exercise the rights and responsibilities attached to owning equity securities in line with its investment strategy. A key component of AVI's investment strategy is to understand and engage with the management of public companies.</p> <p>More information on the Company's long-term performance record can be found on page 5 and more details of AVI's ESG Policy are on pages 26 to 29 of this Report.</p>
<p>B The board should establish the company's purpose, values and strategy, and satisfy itself that these and its culture are aligned. All directors must act with integrity, lead by example and promote the desired culture.</p>	<p>The purpose of the Company is to achieve capital growth through a focused portfolio of mainly listed investments, particularly in companies whose shares stand at a discount to estimated underlying net asset value.</p> <p>More information on our culture and how it is aligned with the Company's purpose and strategy can be found under Culture and Values on page 16 of this Report.</p>
<p>C The board should ensure that the necessary resources are in place for the company to meet its objectives and measure performance against them. The board should also establish a framework of prudent and effective controls, which enable risk to be assessed and managed.</p>	<p>The Directors regularly consider the Company's financial position in the context of its business model, the balance sheet, cash flow projections, availability of funding and the Company's contractual commitments. The Company's objective is to achieve capital growth through a focused portfolio of mainly listed investments, particularly in companies whose shares stand at a discount to estimated underlying net asset value, therefore one of the measures which the Board considers is NAV total returns, details of which can be found on page 12.</p> <p>As explained earlier, the Company is subject to various risks in pursuing its objectives and in order to effectively assess and manage risk, appropriate controls and policies are in place and are regularly reviewed and assessed by the Audit Committee. These are detailed in the Strategic Report on pages 12 to 15, in the Audit Committee Report on page 88 and in note 15 to the financial statements.</p>
<p>D In order for the company to meet its responsibilities to shareholders and stakeholders, the board should ensure effective engagement with, and encourage participation from, these parties.</p>	<p>On pages 17 and 18 we describe our key stakeholders, the reason they are important and how we seek to gain an understanding of their interests and also how the Board engages with them.</p>
<p>F The chair leads the board and is responsible for its overall effectiveness in directing the company. They should demonstrate objective judgement throughout their tenure and promote a culture of openness and debate. In addition, the chair facilitates constructive board relations and the effective contribution of all non-executive directors, and ensures that directors receive accurate, timely and clear information.</p>	<p>The role and responsibilities of the Chairman are described on page 56. The Company recognises that the Chairman leads the Board and is responsible for its overall effectiveness in directing the affairs of the Company.</p> <p>The annual evaluation of the Board's effectiveness always considers the performance of the Chairman, and whether he has performed his role effectively. The Directors, led by the SID, have concluded that the Chairman has fulfilled his role and performed well to support the effective functioning of the Board. Further information on our culture can be found on page 16.</p>
<p>G The board should consist of an appropriate combination of directors (and, in particular, independent non-executive directors) such that no one individual or small group of individuals dominates the board's decision-making.</p>	<p>During the year under review, the Board consisted only of non-executive Directors and all of the Directors are deemed to be independent of the Investment Manager. In the Board's opinion, each Director continues to provide constructive challenge and robust scrutiny of matters that come before the Board.</p> <p>The Board also considers the composition of the Board, as well as the longer-term succession plans. As a Board, we aim to be as well-equipped as a Board of any large investment trust to effectively give direction to, and exercise scrutiny of, the Company's activities.</p>

Governance / Report of the Directors continued

AIC Code Principle	Compliance Statement
<p>H Non-executive directors should have sufficient time to meet their board responsibilities. They should provide constructive challenge, strategic guidance, offer specialist advice and hold third-party service providers to account.</p>	<p>The Board considers the required time commitment annually and, during the year under review, the Board concluded that all Directors continued to devote sufficient time to the business of the Company. All new Board appointments and/or additional commitments are reviewed and agreed by the Board and on an annual basis. The Board assesses whether individual Directors commit sufficient and productive time to the company. Through their contributions in meetings, as well as outside of the usual meeting cycle, the Directors share their experience and guidance with, as well as constructively challenge, the Investment Manager.</p> <p>The Board, supported by the Management Engagement Committee, regularly assesses the performance of all third-party service providers. More details on the work of the Management Engagement Committee can be found on page 57.</p>
<p>I The board, supported by the company secretary, should ensure that it has the policies, processes, information, time and resources it needs in order to function effectively and efficiently.</p>	<p>The Board's responsibilities are set out in the schedule of Matters Reserved for the full Board and certain responsibilities are delegated to its Committees, so that it can operate effectively and efficiently. Supported by its Committees, the Board has overall responsibility for purpose, strategy, business model, performance, asset allocation, capital structure, approval of key contracts, the framework for risk management and internal controls and governance matters, as well as engagement with shareholders and other key stakeholders.</p> <p>A number of Board policies are reviewed on a regular basis. Directors are also provided with any relevant information and have access to the Company Secretary and independent advisers, if required.</p>
<p>J Appointments to the board should be subject to a formal, rigorous and transparent procedure, and an effective succession plan should be maintained. Both appointments and succession plans should be based on merit and objective criteria and, within this context, should promote diversity of gender, social and ethnic backgrounds, cognitive and personal strengths.</p>	<p>The Company is committed to ensuring that any vacancies arising are filled by the most qualified candidates. The Board has adopted a Diversity Policy, which acknowledges the benefits of diversity, and remains committed to ensuring that the Company's Directors bring a wide range of skills, knowledge, experience, backgrounds and perspectives to the Board. The Company's policy on the tenure of Directors also helps to guide long-term succession plans, and recognises the need for and value of progressive refreshing of the Board.</p> <p>Both policies are described in more detail on pages 56 and 57.</p>
<p>K The board and its committees should have a combination of skills, experience and knowledge. Consideration should be given to the length of service of the board as a whole and membership regularly refreshed.</p>	<p>The Nomination Committee, which comprises the whole Board, is responsible for identifying and recommending to the Board the appointment of new Directors. The Nomination Committee maintains a matrix which summarises the key skills and experience of each Director and the matrix is reviewed at least once per year. This skills matrix is a key element of the process of ensuring that the Board has an appropriate mix of skills and experience and will be used when considering longer-term succession plans.</p>
<p>L Annual evaluation of the board should consider its composition, diversity and how effectively members work together to achieve objectives. Individual evaluation should demonstrate whether each director continues to contribute effectively.</p>	<p>An annual evaluation of the performance of the Board, its Committees and individual Directors takes place every year, and an independent review is undertaken every three years. The Board engaged Lintstock Ltd to carry out this year's externally facilitated evaluation. Please refer to page 56 for discussion of the outcome of this year's performance evaluation.</p>
<p>M The board should establish formal and transparent policies and procedures to ensure the independence and effectiveness of external audit functions and satisfy itself on the integrity of financial and narrative statements.</p>	<p>The Audit Committee supports the Board in fulfilling its oversight responsibilities by reviewing the performance of the external Auditor, audit quality, as well as the Auditor's objectivity and independence. The Committee also reviews the integrity and content of the financial statements, including the ongoing viability of the Company. More details can be found in the Committee's report on pages 87 to 89.</p>
<p>N The board should present a fair, balanced and understandable assessment of the company's position and prospects.</p>	<p>The Audit Committee supports the Board in assessing that the Company's Annual Report presents a fair, balanced and understandable assessment of the Company's position and prospects.</p> <p>Please refer to the Report of the Audit Committee on pages 87 to 89 for further information.</p>

AIC Code Principle	Compliance Statement
O The board should establish procedures to manage risk, oversee the internal control framework, and determine the nature and extent of the principal risks the company is willing to take in order to achieve its long-term strategic objectives.	The work of the Audit Committee, that supports the Board through its independent oversight of the financial reporting process, including the financial statements, the system of internal control and management of risk, the appointment and ongoing review of the quality of the work and independence of the Company's external Auditor, as well as the procedures for monitoring compliance, is described in pages 87 to 89.
P Remuneration policies and practices should be designed to support strategy and promote long-term sustainable success.	The Directors are all non-executive and independent of the Investment Manager. They receive fees and no component of any Director's remuneration is subject to performance factors. Whilst there is no requirement under the Company's Articles of Association or letters of appointment for Directors to hold shares in the Company, all of the Directors do have shares in the Company and the details of their shareholdings are set out on page 93.
Q A formal and transparent procedure for developing a policy for remuneration should be established. No director should be involved in deciding their own remuneration outcome.	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 as set out in the Company's Articles of Association. Each Director abstains from voting on their own individual remuneration. The details of the Remuneration Policy and Directors' fees can be found on pages 90 to 93. The terms and conditions of the Directors' appointments are set out in Letters of Appointment, which are available for inspection on request at the registered office of the Company.
R Directors should exercise independent judgement and discretion when authorising remuneration outcomes, taking account of company and individual performance, and wider circumstances.	The process of reviewing the Directors' fees is described on page 92, although there are no performance related elements of the remuneration, there is therefore very little scope for the exercise of discretion or judgement.

UK Corporate Governance Code Principle E relates to the treatment of employees and so is generally not applicable to companies under the AIC Code if, as in the case of the Company, there are no employees.

Interests in Share Capital

Information on the structure, rights and restrictions relating to share capital is given on page 55.

At 30 September 2023 and 7 November 2023, the following holdings representing more than 3% of the Company's voting rights had been reported to the Company:

	Number held at 30 September 2023	Percentage held at 30 September 2023	Percentage held at 7 November 2023
Interactive Investor	46,504,719	10.06%	10.17%
Hargreaves Lansdown Asset Management Limited	42,053,939	9.10%	9.20%
1607 Capital Partners, LLC	27,212,520	5.86%	0.00%
Charles Stanley & Co Limited	24,833,470	5.05%	5.43%
Halifax Share Dealing Limited	23,125,165	5.00%	5.06%
Lazard Asset Management LLC	22,884,714	4.89%	5.01%
AJ Bell	18,226,193	3.94%	3.99%
Evelyn Partners*	18,909,950	3.85%	4.14%

Since the year-end, on 11 October 2023, the Company was notified by 1607 Capital Partners, LCC, that its holding had reduced to 0.00%. No other changes have been notified.

* Previously Smith & Williamson Investment Management Limited.

Governance / Report of the Directors continued

Financial Risk Management

The principal risks and uncertainties facing the Company are set out on pages 12 to 15. The principal financial risks and the Company's policies for managing these risks are set out in note 15 to the financial statements.

Greenhouse Gas Emissions and TCFD/SECR reporting

The Company's environmental statements are set out in the Strategic Report on page 19. The Company has no greenhouse gas emissions to report from the operations of the Company, nor does it have responsibility for any other emissions producing sources reportable under the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013.

As an investment trust without employees, the Company is also not required to report against the TCFD nor the SECR framework. However, understanding and managing climate-related risks and opportunities based on the TCFD's recommendations is a fundamental part of AVI's investment approach, as discussed on pages 26 to 29.

Anti-Bribery and Corruption Policy

The Company has adopted an Anti-Bribery and Corruption Policy and has reviewed the statements regarding compliance with the Bribery Act 2010 by the Company's Investment Manager and key service providers. These statements are reviewed regularly by the Management Engagement Committee.

Disclosure of Information to the Auditor

The Directors who held office at the date of approval of the Report of the Directors confirm that, so far as they are aware, there is no relevant audit information of which the Company's Auditor is unaware; and each Director has taken all of the steps that he/she ought to have taken as a Director to make himself/herself aware of any relevant audit information and establish that the Company's Auditor is aware of that information.

Requirements of the Listing Rules

Listing Rule 9.8.4 requires the Company to include specified information in a single identifiable section of the Annual Report or a cross reference table indicating where the information is set out. The Directors confirm that no disclosures are required in relation to Listing Rule 9.8.4.

Auditor

BDO LLP were appointed during 2023 and have indicated their willingness to continue in office and Resolutions will be proposed at the forthcoming AGM to re-appoint them as Auditor and to authorise the Directors to determine their remuneration. Further information about the Company's external Auditor, including tenure, can be found in the Audit Committee's Report on page 89.

Annual General Meeting

The Notice of the AGM to be held on 20 December 2023 (the Notice) is set out on pages 98 to 101. Further information on the resolutions comprising special business being put to shareholders at the forthcoming AGM is set out below:

Resolution 12 – Authority to allot shares

The Directors seek to renew the general and unconditional authority to allot Ordinary Shares up to 152,370,114 Ordinary Shares of 2p each, representing approximately one-third of the issued Ordinary Share capital (excluding shares held in treasury). The Directors will only exercise this authority if they consider it to be in the best interests of the Company and would only issue shares at a price at or above the prevailing NAV per share at the time of issue. This authority would expire 15 months after the date of the passing of the resolution or, if earlier, at the next AGM of the Company.

No shares were issued in the year.

As at 9 November 2023, 45,600,956 shares were held in treasury, representing 9.07% of the issued share capital.

Resolution 13 – Authority to issue shares outside of pre-emption rights

The Directors seek to renew the authority to allot, other than on a pre-emptive basis, Ordinary Shares (including the grant of rights to subscribe for, or to convert any securities into Ordinary Shares) for cash up to a maximum of 22,855,517 Ordinary Shares, representing up to approximately 5% of the Ordinary Shares (excluding shares held in treasury) in issue as at 9 November 2023, and to transfer or sell Ordinary Shares held in treasury.

The Directors will only exercise this authority if they consider it to be advantageous to the Company and its shareholders. Shares will not be issued or sold from treasury other than at a price equal to or above the prevailing NAV per share.

No shares were issued in the year to 30 September 2023.

Resolution 14 – Share buyback facility

At the AGM held on 20 December 2022, the Directors were authorised to make market purchases of up to 14.99% of the shares in circulation at the date of that meeting. During the year, 29,277,886 shares have been bought back under this authority (nominal value £585,558), representing 5.77% of the issued capital as at the year-end. These shares were bought back in order to limit any significant widening of the discount. As at the year-end, authority to buy back a further 47,793,755 Ordinary Shares remained.

At the forthcoming AGM, the Directors will seek to renew the authority for up to 14.99% of Ordinary Shares in issue (excluding shares held in treasury), representing 68,520,840 Ordinary Shares, as at 9 November 2023, to be bought back. Purchases would be made in accordance with the relevant provisions of the Companies Act and Listing Rules. The authority will expire 15 months after the date of the passing of the resolution or, if earlier, at the next AGM of the Company.

Details of shares bought back during the year under review can be found in note 13 to the financial statements.

Ordinary Shares bought back may be held in treasury for cancellation or sale at a future date rather than being cancelled upon purchase. The Directors will not exercise the authority granted under this resolution unless they consider it to be in the best interests of shareholders and shares would only be bought back at a discount to the prevailing NAV per share.

Resolution 15 – Notice period for general meetings

This resolution will allow the Company to hold general meetings (other than an AGM) on 14 clear days' notice. The notice period for general meetings of the Company is 21 clear days unless: (i) shareholders approve a shorter notice period, which cannot however be less than 14 clear days; and (ii) the Company offers the facility for all shareholders to vote by electronic means. AGMs must always be held on at least 21 clear days' notice. It is intended that the flexibility offered by this resolution will only be used for time sensitive, non-routine business and where merited in the interests of shareholders as a whole. The approval will be effective until the Company's next AGM, when it is intended that a similar resolution will be proposed.

Recommendation

The Directors consider that all of the resolutions to be proposed at the AGM are in the best interests of the Company and its members as a whole. The Directors unanimously recommend that shareholders vote in favour of all of the resolutions, as they intend to do in respect of their own beneficial holdings.

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. These include, but are not limited to, the impact of 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 liquid listed investments, is able to meet the obligations of the Company as they fall due. The surplus cash plus borrowing facilities 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. In forming our view that the company is a going concern we have taken into account any loan facilities that expire during the period and the likelihood of our ability or need to renew the facility.

The Directors have completed stress tests assessing the impact of changes in market value and income with associated cash flows and any potential impact on the debt covenants associated with the Company's long-term borrowing. In making this assessment, they have considered severe but plausible downside scenarios. 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 reductions in income and/or market value, 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, the Investment Manager and other service providers have put in place contingency plans to minimise disruption. Furthermore, 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.

Viability

The Directors consider viability as part of their continuing programme of monitoring risk. The Directors have made a robust assessment of the principal and emerging risks. The Directors believe five years to be a reasonable time horizon to consider the continuing viability of the Company, reflecting a balance between a longer-term investment horizon and the inherent shorter-term uncertainties within equity markets, although they do have due regard to viability over the longer term and particularly to key points outside this time frame, such as the due dates for the repayment of long-term debt. The Company is an investment trust whose portfolio is invested in readily realisable listed securities and with some short-term cash deposits. The following facts support the Directors' view of the viability of the Company:

- In the year under review, expenses (including finance costs and taxation) were adequately covered by investment income.
- The Company has a liquid investment portfolio.

- The Company has long-term debt of £30m and €30m which both fall due for repayment in 2036, €20m which falls due for repayment in 2037, JPY8bn which falls due for repayment in 2032 and JPY4.5bn which falls due in 2033. This debt was covered approximately 8 times as at the end of September 2023 by the Company's total assets. The Directors are of the view that, subject to unforeseen circumstances, the Company will have sufficient resources to meet the costs of annual interest and eventual repayment of principal on this debt.
- The Company has an unsecured JPY8bn multi-currency revolving credit facility expiring in August 2024. This was reduced from JPY12bn in July 2023, following the arrangement of the JPY4.5bn 2033 unsecured note. This facility was undrawn at the end of September. We will consider nearer the date of the facility expiring whether we require the facility to be renewed.

The Company has a large margin of safety over the covenants on its debt. The Company's viability depends on the global economy and markets continuing to function. The Directors also consider the possibility of a wide-ranging collapse in corporate earnings and/or the market value of listed securities. To the latter point, it should be borne in mind that a significant proportion of the Company's expenses are in ad valorem investment management fees, which would reduce if the market value of the Company's assets were to fall.

In arriving at its conclusion, the Board has taken account of the potential effects of the war in Ukraine, the ongoing Israel/Palestine conflict, political and economic instability in the UK, supply shortages and inflationary pressures on the value of the Company's assets, income from those assets and the ability of the Company's key suppliers to maintain effective and efficient operations. As set out in the Going Concern statement, in assessing the potential effects of these international and economic uncertainties, the Directors have completed stress tests which included severe but plausible downside scenarios.

In order to maintain viability, the Company has a robust risk control framework which, following guidelines from the FRC, has the objectives of reducing the likelihood and impact of: poor judgement in decision-making; risk-taking that exceeds the levels agreed by the Board; human error; or control processes being deliberately circumvented.

Taking the above into account, and the potential impact of the principal and emerging risks as set out on pages 12 to 15, the Directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due for a period of five years from the date of approval of this Annual Report.

Approval

The Report of the Directors has been approved by the Board.

By Order of the Board

Link Company Matters Limited
Corporate Secretary

9 November 2023

Governance / Report of the Directors continued

Statement of Directors' Responsibilities in Respect of the Annual Report and the Financial Statements

The Directors are responsible for preparing the Annual Report and financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law they are required to prepare the financial statements in accordance with UK-adopted international accounting standards and applicable law.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of its profit or loss for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with UK-adopted international accounting standards;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that complies with that law and those regulations.

In accordance with Disclosure Guidance and Transparency Rule 4.1.14R, the financial statements will form part of the annual financial report prepared using the single electronic reporting format under the TD ESEF Regulation. The auditor's report on these financial statements provides no assurance over the ESEF format.

The financial statements of the Company are published on the Company's website at www.aviglobal.co.uk. The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility Statement of the Directors in Respect of the Annual Financial Report

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- the Strategic Report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that the Company faces.

We consider the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

Graham Kitchen
Chairman

9 November 2023