Financial Statements / Statement of Comprehensive Income
For the year ended 30 September 2019

	Notes	2019 Revenue return £'000	2019 Capital return £'000	2019 Total £'000	2018 Revenue return £'000	2018 Capital return £'000	2018 Total £'000
Income							
Investment income	2	**26,209**	**–**	**26,209**	22,638	–	22,638
Gains on financial assets and financial liabilities held at fair value	8	**–**	**15,916**	**15,916**	–	75,456	75,456
Exchange losses on currency balances		**–**	**(1,572)**	**(1,572)**	–	(632)	(632)
		26,209	**14,344**	**40,553**	22,638	74,824	97,462
Expenses							
Investment management fee	3	**(1,887)**	**(4,404)**	**(6,291)**	(1,930)	(4,504)	(6,434)
Other expenses (including irrecoverable VAT)	3	**(1,403)**	**(66)**	**(1,469)**	(1,666)	–	(1,666)
Profit before finance costs and taxation		**22,919**	**9,874**	**32,793**	19,042	70,320	89,362
Finance costs	4	**(1,087)**	**(7,028)**	**(8,115)**	(1,145)	(2,697)	(3,842)
Exchange gains/(losses) on loan revaluation	4	**–**	**288**	**288**	–	(575)	(575)
Profit before taxation		**21,832**	**3,134**	**24,966**	17,897	67,048	84,945
Taxation	5	**(663)**	**–**	**(663)**	(964)	–	(964)
Profit for the year		**21,169**	**3,134**	**24,303**	16,933	67,048	83,981
Earnings per Ordinary Share	7	**19.08p**	**2.82p**	**21.90p**	14.83p	58.72p	73.55p

The total column of this statement is the Income Statement of the Company prepared in accordance with IFRS, as adopted by the European Union. The supplementary revenue and capital columns are presented in accordance with the Statement of Recommended Practice issued by the Association of Investment Companies ('AIC SORP').

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

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 2019

	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 2019							
Balance as at 30 September 2018	**12,953**	**5,982**	**28,078**	**816,890**	**41,406**	**36,371**	**941,680**
Ordinary Shares bought back and held in treasury	**–**	**–**	**–**	**(12,603)**	**–**	**–**	**(12,603)**
Cancellation of shares held in treasury	**(1,353)**	**1,353**	**–**	**–**	**–**	**–**	**–**
Total comprehensive income for the year	**–**	**–**	**–**	**3,134**	**–**	**21,169**	**24,303**
Ordinary dividends paid (see note 6)	**–**	**–**	**–**	**–**	**–**	**(14,439)**	**(14,439)**
Balance as at 30 September 2019	**11,600**	**7,335**	**28,078**	**807,421**	**41,406**	**43,101**	**938,941**
For the year ended 30 September 2018							
Balance as at 30 September 2017	12,953	5,982	28,078	781,555	41,406	33,255	903,229
Ordinary Shares bought back and held in treasury	–	–	–	(31,713)	–	–	(31,713)
Total comprehensive income for the year	–	–	–	67,048	–	16,933	83,981
Ordinary dividends paid (see note 6)	–	–	–	–	–	(13,817)	(13,817)
Balance as at 30 September 2018	12,953	5,982	28,078	816,890	41,406	36,371	941,680

* Within the balance of the capital reserve, £692,232,000 relates to realised gains (2018: £657,077,000) which under the Articles of Association is distributable by way of dividend. The remaining £115,189,000 relates to unrealised gains and losses on financial instruments (2018: £159,813,000) and is non-distributable.

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

The Company, subsequent to the approval by the Shareholders at the December 2017 AGM, has the ability to distribute unrestricted available capital reserves.

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

Financial Statements / Balance Sheet

As at 30 September 2019

	Notes	2019 £'000	2018 £'000
Non-current assets			
Investments held at fair value through profit or loss	8	**972,824**	990,265
		972,824	990,265
Current assets			
Total return swap assets	15	**4,784**	–
Other receivables	9	**6,418**	6,550
Cash and cash equivalents		**64,725**	36,251
		75,927	42,801
Total assets		**1,048,751**	1,033,066
Current liabilities			
Total return swap liabilities	10, 15	**(3,979)**	–
Revolving credit facility	10	**(30,037)**	–
Other payables	10	**(1,865)**	(2,225)
		(35,881)	(2,225)
Total assets less current liabilities		**1,012,870**	1,030,841
Non-current liabilities			
4.184% Series A Sterling Unsecured Loan Notes 2036	11	**(29,892)**	(29,885)
3.249% Series B Euro Unsecured Loan Notes 2036	11	**(26,466)**	(26,633)
2.93% Euro Unsecured Loan Notes 2037	11	**(17,571)**	(17,679)
8 1/8% Debenture Stock 2023	11	**–**	(14,964)
		(73,929)	(89,161)
Net assets		**938,941**	941,680
Equity attributable to equity Shareholders			
Ordinary share capital		**11,600**	12,953
Capital redemption reserve		**7,335**	5,982
Share premium		**28,078**	28,078
Capital reserve		**807,421**	816,890
Merger reserve		**41,406**	41,406
Revenue reserve		**43,101**	36,371
Total equity		**938,941**	941,680
Net asset value per Ordinary Share – basic	13	**852.61p**	841.95p
Number of shares in issue excluding Treasury Shares	12	**110,125,668**	111,844,491

These financial statements were approved and authorised for issue by the Board of AVI Global Trust plc on 11 November 2019 and were signed on its behalf by:

Susan Noble
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 2019

	2019 £'000	2018 £'000
Reconciliation of profit before taxation to net cash inflow from operating activities		
Profit before taxation	**24,966**	84,945
Gains on investments held at fair value through profit or loss	**(15,916)**	(75,456)
Redemption premium of Debenture Stock	**4,436**	–
Increase in other receivables	**(389)**	(1,114)
Increase in other payables	**452**	240
Taxation received/(paid)	**2,168**	(1,649)
Amortisation of Debenture and loan issue expenses	**55**	26
Net cash inflow from operating activities	**15,772**	6,992
Investing activities		
Purchases of investments	**(256,192)**	(349,572)
Sales of investments	**286,018**	381,615
Cash inflow from investing activities	**29,826**	32,043
Financing activities		
Dividends paid	**(14,439)**	(13,817)
Payments for Ordinary Shares bought back and placed in treasury*	**(13,001)**	(32,427)
Repayment of Debenture Stock	**(19,436)**	–
Issue of loans net of costs	**–**	17,384
Draw down of revolving credit facility	**27,775**	–
Exchange loss on Loan Notes and revolving credit facility	**1,974**	575
Cash outflow from financing activities	**(17,127)**	(28,285)
Increase in cash and cash equivalents	**28,471**	10,750
Reconciliation of net cash flow movements in funds:**		
Cash and cash equivalents at beginning of year	**36,251**	25,496
Exchange rate movements	**3**	5
Increase in cash and cash equivalents	**28,471**	10,750
Increase in net cash	**28,474**	10,755
Cash and cash equivalents at end of year	**64,725**	36,251

* During the year, 13,523,032 (2018: nil) Ordinary Shares were cancelled from treasury.
** Includes movements in money market funds.

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 financial statements of the Company have been prepared in accordance with IFRS as adopted by the European Union, which comprise standards and interpretations approved by the International Accounting Standards Board ('IASB'), and as applied in accordance with the provisions of the Companies Act 2006. The annual financial statements have also been prepared in accordance with the AIC SORP for the financial statements of investment trust companies and venture capital trusts, except to any extent where it is not consistent with the requirements of IFRS.

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 a 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 the foreseeable future (being a period of 12 months from the date these financial statements were approved). Furthermore, the Directors are not aware of any material uncertainties that may cast significant doubt upon 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, debt 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 other recognised international exchanges.

Accounting developments

In the current period, the Company has applied a number of amendments to IFRS. These include annual improvements to IFRS, changes in standards, legislative and regulatory amendments, changes in disclosure and presentation requirements. The Company has also applied, with associated amendments, for the first time the following standards:

- IFRS 9 Financial Instruments; and
- IFRS 15 Revenue from Contracts with Customers.

The assessment of the impact of the adoption of these standards is set out below.

IFRS 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets, and replaces the multiple classification and measurement models in IAS 39.

The financial instruments are managed and have their performance evaluated on a fair value basis, in accordance with the risk management and investment strategies of the Company consistent with prior periods. The adoption of IFRS 9 did not result in any change to the classification or measurement of financial instruments in either the current or prior periods.

The other receivables and prepayments are accounted for at amortised cost, meeting the criteria for classification in IFRS 9, hence there has been no change in the accounting for these assets. The new impairment model requires the recognition of impairment provisions based on expected credit losses rather than incurred credit losses as in the case of IAS 39 applicable to all financial assets.

IFRS 15 specifies how and when revenue is recognised and enhances disclosures. Given the nature of the Company's revenue streams from financial instruments, the provisions of this standard did not have a material impact. There are no changes in the methodology of accounting for investment income and other income is recognised when the amounts fall due, both consistent with prior periods.

IFRS 16 Leases sets out the principles for the recognition, measurement, presentation and disclosure of leases by lessors and lessees and will be adopted from 1 October 2019.

The adoption of these standards has not had any material impact on these or prior years' financial statements.

Critical accounting judgements and key sources of estimation uncertainty

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

Investments

The Company's business is investing financial assets with a view to capital growth. This 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 timeframe 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, 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. Where no reliable fair value can be estimated for such instruments, they are carried at cost, subject to any provision for impairment. These are constantly monitored for value and impairment. The values and impairment, if any, are approved by the Board.

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 14. 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.

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.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts when applicable.

Other receivables and payables

Trade receivables, trade payables and short-term borrowings are measured at amortised cost and balances 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.

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 to be held in treasury 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.

Further details of the non-current liabilities are set out in notes 11 and 14.

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

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

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

Capital reserve
The following are taken to the capital reserve through the capital column in the Statement of Comprehensive Income:
Capital reserve – other, forming part of the distributable reserves:

- gains and losses on the disposal of investments;
- amortisation of issue expenses of Loan Notes;
- costs of share buybacks;
- costs of Debenture Stock redemption;
- 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

	2019 £'000	2018 £'000
Income from investments		
Listed investments	**25,983**	22,296
Total return swap dividends*	**(92)**	–
	25,891	22,296
Other income		
Deposit interest	**479**	127
Total return swap interest*	**(435)**	–
Interest on French withholding tax received	**25**	54
Exchange gains on receipt of income**	**249**	161
	318	342
Total income	**26,209**	22,638

* Net income (paid)/received on underlying holdings in total return swaps.
** Exchange movements arise from ex-dividend date to payment date.

3. Investment management fee and other expenses

	2019 Revenue return £'000	2019 Capital return £'000	2019 Total £'000	2018 Revenue return £'000	2018 Capital return £'000	2018 Total £'000
Management fee	**1,887**	**4,404**	**6,291**	1,930	4,504	6,434
Other expenses						
Directors emoluments – fees	**157**	**–**	**157**	146	–	146
Auditor's remuneration – audit	**28**	**–**	**28**	25	–	25
Auditor's remuneration – interim review and debenture review services	**7**	**–**	**7**	8	–	8
MarketIng	**310**	**–**	**310**	421	–	421
Research costs*	**–**	**–**	**–**	93	–	93
Printing and postage costs	**63**	**–**	**63**	15	–	15
Registrar fees	**86**	**–**	**86**	88	–	88
Custodian fees	**144**	**–**	**144**	138	–	138
Depositary fees	**121**	**–**	**121**	144	–	144
Advisory and professional fees	**208**	**66†**	**274**	298	–	298
Costs associated with dividend receipts	**95**	**–**	**95**	83	–	83
Irrecoverable VAT	**84**	**–**	**84**	107	–	107
Regulatory fees	**68**	**–**	**68**	65	–	65
Directors' insurances & other expenses	**32**	**–**	**32**	35	–	35
	1,403	**66**	**1,469**	1,666	–	1,666

* Contribution to Investment Manager's research budget.
† Capitalised costs associated with the total return swap.

For the year ended 30 September 2019, the fee calculated in accordance with the IMA amounted to 0.7% (2018: 0.7%) of the net asset value 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

	2019 Revenue return £'000	2019 Capital return £'000	2019 Total £'000	2018 Revenue return £'000	2018 Capital return £'000	2018 Total £'000
Loan, debenture and revolving credit facility interest						
8 1/8% Debenture Stock 2023*	**246**	**573**	**819**	366	854	1,220
4.184% Series A Sterling Unsecured Loan Notes 2036	**376**	**879**	**1,255**	376	879	1,255
3.249% Series B Euro Unsecured Loan Notes 2036	**263**	**613**	**876**	259	604	863
2.93% Euro Senior Unsecured Loan Notes 2037	**152**	**354**	**506**	144	334	478
JPY revolving credit facility**	**37**	**87**	**124**	–	–	–
	1,074	**2,506**	**3,580**	1,145	2,671	3,816
Amortisation						
8 1/8% Debenture Stock 2023*	**–**	**36**	**36**	–	7	7
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	**–**	**7**	**7**	–	7	7
JPY revolving credit facility**	**13**	**31**	**44**	–	–	–
	13	**86**	**99**	–	26	26
Early redemption						
8 1/8% Debenture Stock 2023*	**–**	**4,436**	**4,436**	–	–	–
Total	**1,087**	**7,028**	**8,115**	1,145	2,697	3,842
Exchange gains/(losses) on Loan Notes***	**–**	**288**	**288**	–	(575)	(575)

* The 8 1/8% Debenture Stock 2023 was redeemed on 3 June 2019.
** The JPY4.0bn unsecured revolving credit faciltiy was entered into on 4 April 2019 and was fully drawn down on 10 April 2019 with interest payable at a rate equal to LIBOR plus 0.75%.
*** Revaluation of Euro Loan Notes.

5. Taxation

	Year ended 30 September 2019			Year ended 30 September 2018		
	Revenue return £'000	Capital return £'000	Total £'000	Revenue return £'000	Capital return £'000	Total £'000
Analysis of charge for the year						
Overseas tax not recoverable*	**1,096**	**–**	**1,096**	964	–	964
Overseas tax recovered – previously expensed**	**(433)**	**–**	**(433)**	–	–	–
Tax cost for the year	**663**	**–**	**663**	964	–	964

* Tax deducted on payment of overseas dividends by local tax authorities.
** Receipts from the recovery of French withholding tax from prior years.

The tax assessed for the year is the standard rate of corporation tax in the United Kingdom of 19%. The differences are explained below:

	Year ended 30 September 2019			Year ended 30 September 2018		
	Revenue return £'000	Capital return £'000	Total £'000	Revenue return £'000	Capital return £'000	Total £'000
Return on ordinary activities after interest payable but before appropriations	**21,832**	**3,134**	**24,966**	17,897	67,048	84,945
Theoretical tax at UK corporation tax rate of 19% (2018: 19%)	**4,148**	**596**	**4,744**	3,400	12,739	16,139
Effects of the non-taxable items:						
– Tax-exempt overseas investment income	**(4,967)**	**–**	**(4,967)**	(4,267)	–	(4,267)
– (Losses)/gains on investments, exchange gains on capital items and movement of fair value of derivative financial instruments	**–**	**(1,925)**	**(1,925)**	–	(14,107)	(14,107)
– Excess management expenses carried forward	**513**	**1,329**	**1,842**	551	1,368	1,919
– Corporate interest restriction	**306**	**–**	**306**	316	–	316
– Overseas tax not recoverable	**1,096**	**–**	**1,096**	964	–	964
– Overseas tax recovered previously expensed	**(433)**	**–**	**(433)**	–	–	–
Tax credit for the year	**663**	**–**	**663**	964	–	964

At 30 September 2019, the Company had unrelieved management expenses of £78,686,000 (30 September 2018: £68,933,000) that are available to offset future taxable revenue. A deferred tax asset of £13,376,000 has not been recognised because the Company is not expected to generate sufficient taxable income in future periods in excess of the available deductible expenses and, accordingly, the Company is unlikely to be able to reduce future tax liabilities through the use of existing surplus losses.

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

6. Dividends

	2019 £'000	2018 £'000
Amounts recognised as distributions to equity holders in the year:		
Final dividend for the year ended 30 September 2018 of 11.00p (2017: 10.00p) per Ordinary Share	**12,221**	11,557
Interim dividend for the year ended 30 September 2019 of 2.00p (2018: 2.00p) per Ordinary Share	**2,218**	2,260
	14,439	13,817

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.

	2019 £'000	2018 £'000
Interim dividend for the year ended 30 September 2019 of 2.00p (2018: 2.00p) per Ordinary Share	**2,218**	2,260
Proposed final dividend for the year ended 30 September 2019 of 14.50p (2018: 11.00p) per Ordinary Share	**15,855***	12,259
	18,073	14,519

* Based on shares in circulation on 8 November 2019.

7. Earnings per Ordinary Share

The earnings per Ordinary Share is based on Company net profit after tax of £24,303,000 (2018: £83,981,000) and on 110,956,131 (2018: 114,182,431) 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:

	2019			2018		
Basic and diluted	Revenue	Capital	Total	Revenue	Capital	Total
Profit for the year (£'000)	**21,169**	**3,134**	**24,303**	16,933	67,048	83,981
Weighted average number of Ordinary Shares			**110,956,131**			114,182,431
Earnings per Ordinary Share	**19.08p**	**2.82p**	**21.90p**	14.83p	58.72p	73.55p

There are no dilutive instruments issued by the Company (2018: none).

8. Investments held at fair value through profit or loss

	30 September 2019 £'000	30 September 2018 £'000
Financial assets held at fair value		
Opening book cost	**826,405**	774,915
Opening investment holding gains	**163,860**	175,596
Opening fair value	**990,265**	950,511
Movement in the year:		
Purchases at cost:		
Equities	**255,779**	345,819
Sales/Close – proceeds:		
Equities and total return swaps	**(288,331)**	(381,521)
– realised gains on equity sales and close of total return swaps	**58,568**	87,192
Decrease in investment holding gains	**(42,652)**	(11,736)
Closing fair value	**973,629**	990,265
Closing book cost	**852,421**	826,405
Closing investment holding gains	**121,208**	163,860
Closing fair value	**973,629**	990,265
Financial assets held at fair value		
Equities	**972,824**	990,265
Total return swaps	**805**	–
	973,629	990,265

	Year ended 30 September 2019 £'000	Year ended 30 September 2018 £'000
Transaction costs		
Cost on acquisition	**241**	571
Cost on disposals	**276**	384
	517	955
Analysis of capital gains		
Gains on sales/close out of financial assets based on historical cost	**58,568**	87,192
Movement in investment holding gains for the year	**(42,652)**	(11,736)
Net gains on financial assets and financial liabilities held at fair value	**15,916**	75,456

9. Other receivables

	2019 £'000	2018 £'000
Amounts due from brokers	**2,711**	401
Overseas tax recoverable	**655**	3,486
Prepayments and accrued income	**3,036**	2,647
VAT recoverable	**16**	16
	6,418	6,550

Overseas 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 which the Company expects to receive in due course.

No other receivables are past due or impaired.

10. Current liabilities

	2019 £'000	2018 £'000
Total return swap liabilities	**3,979**	–
Revolving credit facility	**30,037**	–
Other payables		
Purchases for future settlement	**48**	462
Amounts owed for share buybacks	**4**	400
Management fees	**542**	–
Interest payable	**787**	668
Other payables	**484**	695
Total other payables	**1,865**	2,225
Total current liabilities	**35,881**	2,225

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 fully drawn down and JPY4.0bn (£28,047,000) was received on 9 May 2019 and used to repay the Debenture Stock. The refinancing exercise is expected to reduce annual interest costs by approximately £930,000 (or 0.8p per share), based on current short-term interest rates for the facility.

The facility bears interest at the rate of 0.75% over LIBOR on any drawn balance. 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 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.

11. Non-current liabilities

	2019 £'000	2018 £'000
8 1/8% Debenture Stock 2023	**–**	14,964
4.184% Series A Sterling Unsecured Loan Notes 2036	**29,892**	29,885
3.249% Series B Euro Unsecured Loan Notes 2036	**26,466**	26,633
2.93% Euro Senior Unsecured Loan Notes 2037	**17,571**	17,679
Total	**73,929**	89,161

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

The fair values of the Loan Notes are set out in note 14.

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

On 3 June 2019, the Company redeemed all of the outstanding Debenture Stock.

Under the terms of the Loan Notes, the net assets of the Company shall not be less than £300,000,000 and total indebtedness shall not exceed 40% of net assets.

Further information on the Loan Notes is set out on page 50.

12. Called-up share capital

	Ordinary Shares of 10p each	
	Number of shares	Nominal value £'000
Allotted, called up and fully paid	**116,003,133**	**11,600**
Treasury Shares:		
Balance at beginning of year	**17,681,674**	
Buyback of Ordinary Shares into treasury	**1,718,823**	
Cancellation of Ordinary Shares held in treasury	**(13,523,032)**	
Balance at end of year	**5,877,465**	
Total Ordinary Share capital excluding Treasury Shares	**110,125,668**	

During the year, 1,718,823 (2018: 4,309,052) Ordinary Shares with a nominal value of £172,000 (2018: £431,000) and representing 1.48% of the issued share capital, were bought back and placed in treasury for an aggregate consideration of £12,603,000 (2018: £31,713,000). No Ordinary Shares were bought back for cancellation (2018: nil). 13,523,032 Ordinary Shares were cancelled from treasury during the year (2018: nil).

The allotted, called up and fully paid shares at 30 September 2019 consisted of 116,003,133 Ordinary Shares.

13. Net asset value

The net asset value per 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:

	Net asset value per share attributable	
	2019	2018
Ordinary Shares (basic)	**852.61p**	841.95p

	Net asset value attributable	
	2019 £'000	2018 £'000
Ordinary Shares (basic)	**938,941**	941,680

Basic net asset value per Ordinary Share is based on net assets and on 110,125,668 Ordinary Shares (2018: 111,844,491), being the number of Ordinary Shares in issue excluding Treasury Shares at the year end.

At the year end, the net asset value per Ordinary Share adjusted to include the Loan Notes at fair value was 838.29p (2018: 834.58p).

14. Financial instruments and capital disclosures

Investment objective and policy

The investment objective of the Company is 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.

The Company's investment objective and policy are detailed on page 38.

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

Risks

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

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

Market risk

Market risk arises mainly from uncertainty about future prices of financial instruments used in the Company's business. It represents the potential loss which the Company might suffer through holding market positions by way of price movements, interest rate movements and exchange rate movements. 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.

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. If the fair value of the Company's investments at the year end increased or decreased by 10%, then it would have had an impact on the Company's capital return and equity of £97,282,000 (2018: £99,027,000).

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 £41,813,000 (2018: £40,918,000).

The currency exposure is as follows:

Currency risk	GBP £'000	EUR £'000	USD £'000	SEK £'000	JPY £'000	NOK £'000	CHF £'000	HKD £'000	Other £'000	Total £'000
At 30 September 2019										
Other receivables	**698**	**167**	**2,813**	**–**	**1,378**	**213**	**275**	**874**	**–**	**6,418**
Cash and cash equivalents	**50,725**	**–**	**14,000**	**–**	**–**	**–**	**–**	**–**	**–**	**64,725**
Other payables	**(1,294)**	**(399)**	**–**	**–**	**(172)**	**–**	**–**	**–**	**–**	**(1,865)**
Total return swaps	**–**	**–**	**805**	**–**	**–**	**–**	**–**	**–**	**–**	**805**
4.184% Series A Sterling Unsecured Loan Notes 2036	**(29,892)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(29,892)**
3.249% Series B Euro Unsecured Loan Notes 2036	**–**	**(26,466)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(26,466)**
2.93% Euro Senior Unsecured Loan Notes 2037	**–**	**(17,571)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(17,571)**
Revolving credit facility	**–**	**–**	**–**	**–**	**(30,037)**	**–**	**–**	**–**	**–**	**(30,037)**
Currency exposure on net monetary items	**20,237**	**(44,269)**	**17,618**	**–**	**(28,831)**	**213**	**275**	**874**	**–**	**(33,883)**
Investments held at fair value through profit or loss – equities	**82,446**	**116,529**	**354,554**	**56,352**	**254,008**	**15,924**	**27,539**	**36,909**	**28,563**	**972,824**
Total net currency exposure	**102,683**	**72,260**	**372,172**	**56,352**	**225,177**	**16,137**	**27,814**	**37,783**	**28,563**	**938,941**

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 undelying investment.

	GBP £'000	EUR £'000	USD £'000	SEK £'000	JPY £'000	NOK £'000	CHF £'000	HKD £'000	Other £'000	Total £'000
At 30 September 2018										
Other receivables	651	701	145	–	1,517	2,138	647	751	–	6,550
Cash and cash equivalents	36,251	–	–	–	–	–	–	–	–	36,251
Other payables	(1,360)	(403)	–	–	(462)	–	–	–	–	(2,225)
8 1/8% Debenture Stock 2023	(14,964)	–	–	–	–	–	–	–	–	(14,964)
4.184% Series A Sterling Unsecured Loan Notes 2036	(29,885)	–	–	–	–	–	–	–	–	(29,885)
3.249% Series B Euro Unsecured Loan Notes 2036	–	(26,633)	–	–	–	–	–	–	–	(26,633)
2.93% Euro Senior Unsecured Loan Notes 2037	–	(17,679)	–	–	–	–	–	–	–	(17,679)
Currency exposure on net monetary items	(9,307)	(44,014)	145	–	1,055	2,138	647	751	–	(48,585)
Investments held at fair value through profit or loss – equities	132,625	106,899	405,170	32,474	184,647	22,902	52,725	43,298	9,525	990,265
Total net currency exposure	123,318	62,885	405,315	32,474	185,702	25,040	53,372	44,049	9,525	941,680

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 2019 £'000	At 30 September 2018 £'000
Exposure to floating interest rates:		
Cash and cash equivalents	**64,725**	36,251
JPY revolving credit facility	**(30,037)**	–

If the above level of cash was maintained for a year, a 1% increase in interest rates would increase the revenue return and net assets by £347,000 (2018: £363,000). Management proactively manages cash balances. If there was a fall of 1% in interest rates, it would potentially impact the Company by turning positive interest to negative interest. The total effect would be a revenue reduction/cost increase of £347,000 (2018: £363,000).

	30 September 2019		30 September 2018	
	Book cost £'000	Fair value £'000	Book cost £'000	Fair value £'000
$8\frac{1}{8}$% Debenture Stock 2023	**–**	**–**	14,964	18,975
4.184% Series A Sterling Unsecured Loan Notes 2036	**29,892**	**35,596**	29,885	32,493
3.249% Series B Euro Unsecured Loan Notes 2036	**26,466**	**32,756**	26,633	28,021
2.93% Euro Senior Unsecured Loan Notes 2037	**17,571**	**21,348**	17,679	17,920
Total	**73,929**	**89,700**	89,161	97,409

The impact of holding the Loan Notes at fair value would be to reduce the Company's net assets by £15,771,000.

The fair value of the Company's Loan Notes at the year end was £89,700,000 (2018: £97,409,000). The interest rates of the non-current liabilities (Loan Notes) are fixed. A 1% increase in market interest rates would be expected to decrease the fair value of the non-current liabilities by approximately £10.9m (2018: £10.3m), all other factors being equal. A 1% decrease would increase the fair values by £4.1m (2018: £12.1m).

Liquidity risk

The Company's assets mainly comprise readily realisable securities which can be easily sold to meet funding commitments, if necessary. Unlisted investments, if any, in the portfolio are subject to liquidity risk. The risk is taken into account by the Directors when arriving at their valuation of these items.

Liquidity risk is mitigated by the fact that the Company has £64,725,000 (2018: £36,251,000) cash at bank, the assets are readily realisable and further short-term flexibility is available through the use of bank borrowings. The Company is a closed-end 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	Total £'000
At 30 September 2019					
4.184% Series A Sterling Unsecured Loan Notes 2036	**(1,255)**	**(1,255)**	**(1,255)**	**(8,786)**	**(12,551)**
3.249% Series B Euro Unsecured Loan Notes 2036	**(863)**	**(863)**	**(863)**	**(6,038)**	**(8,627)**
2.93% Euro Senior Unsecured Loan Notes 2037	**(519)**	**(519)**	**(519)**	**(3,630)**	**(5,187)**
Revolving credit facility	**(30,037)**	**–**	**–**	**–**	**(30,037)**
Total return swap liabilities	**(3,979)**	**–**	**–**	**–**	**(3,979)**
Other payables	**(1,865)**	**–**	**–**	**–**	**(1,865)**
	(38,518)	**(2,637)**	**(2,637)**	**(18,454)**	**(62,246)**

	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	Total £'000
At 30 September 2018					
$8^1/_8$% Debenture Stock 2023*	(1,219)	(1,219)	(1,219)	(17,133)	(20,790)
4.184% Series A Sterling Unsecured Loan Notes 2036	(1,255)	(1,255)	(1,255)	(8,786)	(12,551)
3.249% Series B Euro Unsecured Loan Notes 2036	(868)	(868)	(868)	(6,076)	(8,680)
2.93% Euro Senior Unsecured Loan Notes 2037	(522)	(522)	(522)	(3,654)	(5,220)
Other payables	(2,225)	–	–	–	(2,225)
	(6,089)	(3,864)	(3,864)	(35,649)	(49,466)

* Comprises the remaining interest payments to 2023, together with the principal to be repaid in 2023.

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.

The total credit exposure represents the carrying value of fixed-income investments, cash and receivable balances and totals £75,927,000 (2018: £42,801,000).

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 2019	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equity investments	**957,334**	**15,490**	**–**	**972,824**
Total return swap assets	**–**	**4,784**	**–**	**4,784**
	957,334	**20,274**	**–**	**977,608**

Financial assets at fair value through profit or loss at 30 September 2018	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equity investments	964,491	25,774	–	990,265

The valuation of Level 2 equity investments is determined using the average of independent broker traded prices available in the market. The valuation techniques used by the Company are explained in the accounting policies note on page 56.

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

Financial liabilities

Valuation of Loan Notes

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

	At 30 September 2019		At 30 September 2018	
	Book value £'000	Fair value £'000	Book value £'000	Fair value £'000
4.184% Series A Sterling Unsecured Loan Notes 2036	**(29,892)**	**(35,596)**	(29,885)	(32,493)
3.249% Series B Euro Unsecured Loan Notes 2036	**(26,466)**	**(32,756)**	(26,633)	(28,021)
2.93% Euro Senior Unsecured Loan Notes 2037	**(17,571)**	**(21,348)**	(17,679)	(17,920)
8$^{1}/_{8}$% Debenture Stock 2023	**–**	**–**	(14,964)	(18,975)
Total	**(73,929)**	**(89,700)**	(89,161)	(97,409)

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 relevant reference market instruments and exchange rates. As this price is derived by a model, using observable inputs, it would be categorised as Level 2 under the fair value hierarchy. The 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.

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. The costs of early redemption of the Loan Notes are set out in the Glossary on page 90.

Financial liabilities at 30 September 2019	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Loan Notes	**–**	**(89,700)**	**–**	**(89,700)**
Total return swap liabilities	**–**	**(3,979)**	**–**	**(3,979)**
	–	**(93,679)**	**–**	**(93,679)**

Financial liabilities at 30 September 2018	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Debenture Stock	(18,975)	–	–	(18,975)
Loan Notes	–	(78,434)	–	(78,434)
	(18,975)	(78,434)	–	(97,409)

Capital management policies and procedures
The structure of the Company's capital is described on page 50 and details of the Company's reserves are shown in the Statement of Changes in Equity on page 52.

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 each year such that it does not retain more than 15% of the income that it derives from shares and securities.

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

15. Derivatives

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

	At 30 September 2019 £'000	At 30 September 2018 £'000
Total return swaps		
Current assets	**4,784**	–
Current liabilities	**(3,979)**	–
Net value of derivatives	**805**	–

The gross positive exposure on total return swaps as at 30 September 2019 was £37,377,000 (30 September 2018: £nil) and the total negative exposure of total return swaps was £29,034,000 (30 September 2018: £nil). The liabilities are secured against assets held with Jefferies Hoare Govett (the "prime broker"). The collateral held as at 30 September 2019 was £14,000,000 (30 September 2018: £nil), which is included in cash and cash equivalents in the Balance Sheet.

16. Contingencies, guarantees and financial commitments

At 30 September 2019, the Company had £nil financial commitments (2018: £nil).

At 30 September 2019, the Company had £nil contingent liability in respect of any investments carrying an obligation for future subscription or underwriting commitments (2018: £nil).

17. 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 78. At the year end, £nil was outstanding due to Directors (2018: £nil).

The transaction pursuant to the IMA with AVI is set out in the Report of the Directors on page 39. Management fees for the year amounted to £6,291,000 (2018: £6,434,000).

As at the year end, the following amounts were outstanding in respect of management fees: £542,000 (2018: £nil).

18. Post balance sheet events

Since the year end, the Company has bought back 781,973 Ordinary Shares with a nominal value of £78,197 at a total cost of £5,820,000, which have been placed in treasury.

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.

Financial Statements / Report of the Audit Committee

The Audit Committee met four times during the year. In May, the Committee considered its terms of reference and reviewed the Half Year Report for the period to 31 March 2019 and recommended its approval to the Board. The external Auditor's plan for their audit of the year end financial statements was also received and discussed, and reviews of the Company's internal controls and the service levels provided by the Company's Custodian and Depositary were undertaken. In September, the Committee reviewed the controls reports issued by the Company's outsourced service providers, including those issued by the Company's Administrator, Depositary, Custodian and Investment Manager. In October, the Committee reviewed the year end financial statements and discussed the findings of the external audit with KPMG. More details are provided below.

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 meet the independent Auditor of the Company to review their proposed audit programme of work and the subsequent Audit Report and to assess the effectiveness 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.
- 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.

The Audit Committee operates within defined terms of reference, which are available on the Company's website.

Composition of the Audit Committee

The Audit Committee comprises the whole Board, being independent Directors. All members of the Committee have recent and relevant financial experience and two are Chartered Accountants, and the Committee as a whole has competence relevant to the investment trust sector.

Significant Issues

In planning its own work, and reviewing the audit plan of the Auditor, the Audit Committee takes account of the most significant issues and risks, both operational and financial, likely to impact on the Company's financial statements.

The valuation of the investment portfolio is a significant risk factor. However, 91.3% of the portfolio at the year end can be verified against daily market prices and observable price movements. The remaining 8.7% uses methodologies based on observable inputs.

A further significant risk control issue 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, principally to review the work of the Depositary, but also to consider the effectiveness of the internal controls at the Custodian.

Financial statements issued by the Company need to be fair, balanced and understandable. The Audit Committee has reviewed the Annual Report as a whole and made a recommendation to the Board. Several sections of the Annual Accounts are not subject to formal statutory audit, including the Strategic Report and Investment Manager's Review; the checking process for the financial information in these sections was considered by the Audit Committee, and by the Auditor.

The Company's Half Year Report was approved by the Audit Committee prior to publication, and was also reviewed by the Auditor.

The Audit Committee has assessed whether it is appropriate to prepare the Company's financial statements on a going concern basis, and made its recommendation to the Board. The Board's conclusions are set out in the Report of the Directors. The Audit Committee's remit includes consideration of a statement by the Directors on the long-term viability of the Company. That statement can be found on pages 48 and 49.

As explained below, the Audit Committee has considered carefully the internal control systems. The Company relies heavily on third-party suppliers; the Audit Committee monitors the services and control levels of all of its suppliers on an ongoing basis. The Committee reviews control reports from each of the key service providers. For each report, the controls that the Board relies upon are reviewed to ensure that no exceptions have been reported during the period covered by the report. There were no relevant exceptions identified during the year.

The Committee reviewed special dividends received in the year to determine their allocation to the revenue or capital account in the Statement of Comprehensive Income.

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. Amongst other topics, such as a change in government in the UK, the possible impacts, if any, of Brexit were considered. In particular, the Committee considered whether the ability to recover withholding tax on EU investments would in any way be impaired. It was decided that this should be reviewed on an ongoing basis as the basis for the UK's future relationship with the EU becomes clearer.

Internal Controls

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. The Board confirms that there is an ongoing process for identifying, evaluating and managing the 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 8 to 10.

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 and controls at the Investment Manager and at 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 a 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.

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 annual audit, a report on the annual audit, and a report on their review of the half year financial statements. 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 2019 audit concluded that the audit process had worked well, and that the key matters had been adequately addressed.

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.

Auditor Assessment and Independence

The Audit Committee has reviewed KPMG's independence policies and procedures, including quality assurance procedures. It was considered that those policies and procedures remained fit for purpose. Philip Merchant has been the Audit Partner allocated to the Company since the appointment of KPMG at the 2016 AGM. The audit of the financial statements for the year ended 30 September 2019 is therefore his third as Audit Partner. The Committee has also taken into consideration the standing, skills and experience of the audit firm and the audit team and is satisfied that KPMG is both independent and effective in carrying out their responsibilities.

The Audit Committee has discussed the findings of the FRC's recent 2019 Audit Quality Report on the quality of audits performed by KPMG and has satisfied itself that none of the shortcomings identified are relevant to the audit of the Company.

Fees Payable to the Auditor

Total fees payable to the Auditor were £35,000 (2018: £33,000). Of the total fees, the fees for audit services were £28,000 (2018: £25,000).

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 2019 was £7,000 in relation to the half year review (2018: £8,000, being £6,000 in relation to the half year review and £2,000 in relation to review reports and filings required in respect of the Debenture).

These non-audit services are assurance related, and the Audit Committee firmly believes that KPMG have been best placed to provide them on a cost effective basis to the benefit of shareholders. The fees for non-audit services are considered not material in the context of the accounts as a whole.

The Audit Committee is satisfied that KPMG remains independent. The Audit Committee confirms that the non-audit work undertaken by the Company's Auditor satisfies, and does not compromise, the tests of the Auditor's independence, objectivity, effectiveness, resources and qualification. Given the assurance nature of the fees, the cost of these services is considered by the Audit Committee to be proportionate in relation to the fees for audit services.

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 KPMG LLP be re-appointed as Auditor to the Company.

Audit Tender

The audit was put out to competitive tender in 2016, following which KPMG were appointed as the Company's Auditor in respect of the financial year ended 30 September 2017. In accordance with the 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 2027.

CMA Order

AVI Global Trust has complied throughout the year ended 30 September 2019 with the provisions of the Statutory Audit Services Order 2014, issued by the Competition and Markets Authority ('CMA Order').

Calum Thomson
Audit Committee Chairman
11 November 2019

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

A resolution to approve this Remuneration Policy will be proposed at the AGM of the Company to be held on 19 December 2019. If the resolution is passed, the Remuneration Policy provisions set out below will apply until they are next put to shareholders for renewal of that approval, which must be at intervals of not more than three years, or if the Remuneration Policy is varied, in which event shareholder approval for the new Remuneration Policy will be sought. The only change that has been made to the Remuneration Policy as previously approved by shareholders is to include clarification that all Directors are subject to annual re-election by shareholders.

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 £200,000, as set out in the Company's Articles of Association. Any change to this limit would require shareholder approval. Directors are also entitled to reimbursement of reasonable fees and expenses incurred by them in the performance of their duties.

In line with the majority of investment trusts, 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 2019	Purpose of reward	Operation
Annual Fee	All Directors	£29,000	For commitment as Directors of a public company	Determined by the Board at its discretion (see note 1)
Additional Fee	Chairman of the Board	£16,000	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 2019.
3. The Company has no employees. Accordingly, there are no differences in policy on the remuneration of Directors and the remuneration of employees.
4. 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 £200,000.

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, the 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.

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 19 December 2019.

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 £200,000 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. As part of this review, the Board considered the level of fees being paid to non-executive directors of investment trusts with assets of £500m and over as well as to the Company's peer group. The review concluded that the fees being paid to the Company's Directors were substantially below the average. As a result, with effect from 1 April 2019, fees were increased to £45,000 (previously £38,500) per annum for the Chairman and £29,000 (previously £25,300) per annum for other Directors. The additional fee payable to the Chairman of the Audit Committee was increased to £5,000 (previously £4,400) per annum. The additional fee payable to the Senior Independent Director of £2,500 per annum was unchanged. Directors' fees were previously increased on 1 April 2017. In order to ensure that the level of remuneration remains competitive and to avoid future large increases, the Board has determined that incremental increases should be made annually in future. The Board is satisfied that the changes to the remuneration of the Directors is compliant with the Directors' Remuneration Policy approved by shareholders at the AGM held on 20 December 2016.

There will be no significant change in the way that the approved 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. 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 was approved by shareholders at the AGM held on 20 December 2016 and a non-binding Ordinary Resolution adopting the Directors' Remuneration Implementation Report for the year ended 30 September 2018 was approved by shareholders at the AGM held on 19 December 2018. The votes cast by proxy were as follows:

Remuneration Policy (AGM 2016)	
For – % of votes cast	99.50%
Against – % of votes cast	0.29%
At Chairman's discretion – % of votes cast	0.24%
Total votes cast	45,603,795
Number of votes withheld	75,111

Remuneration Implementation Report (AGM 2018)	
For – % of votes cast	99.86%
Against – % of votes cast	0.07%
At Chairman's discretion – % of votes cast	0.07%
Total votes cast	45,026,919
Number of votes withheld	32,939

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

Single Total Figure Table (audited information)

	Fees paid (£)		Taxable benefits (£)*		Total (£)	
Name of Director	2019	2018	2019	2018	2019	2018
Strone Macpherson[1]	**–**	8,490	**–**	–	**–**	8,490
Susan Noble[2]	**41,750**	35,606	**–**	–	**41,750**	35,606
Anja Balfour[3]	**27,150**	18,975	**1,896**	–	**29,046**	18,975
Steven Bates[4]	**6,023**	27,800	**–**	–	**6,023**	27,800
Graham Kitchen[5]	**20,825**	–	**–**	–	**20,825**	–
Nigel Rich	**29,025**	25,300	**–**	–	**29,025**	25,300
Calum Thomson	**31,850**	29,700	**585**	–	**32,435**	29,700
	156,623	145,871	**2,481**	–	**159,104**	145,871

* Reimbursement of travel expenses.
1 Retired 20 December 2017.
2 Appointed as Chairman on 20 December 2017.
3 Appointed 1 January 2018.
4 Retired 19 December 2018.
5 Appointed 1 January 2019.

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

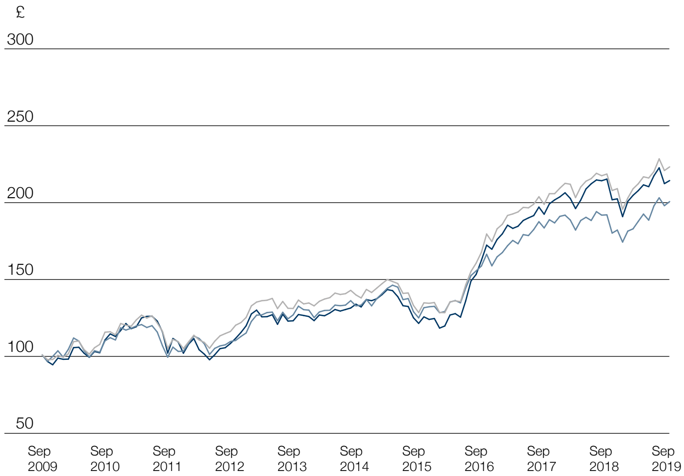
Taxable benefits – Article 117 of the Company's Articles of Association provides that Directors are entitled to be reimbursed for reasonable expenses incurred by them in connection with the performance of their duties and attendance at Board and General Meetings.

Pensions related benefits – Article 118 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 (£ adjusted total return), which the Board has adopted as the measure for both the Company's performance and that of the Investment Manager for the year.

Ten years to 30 September 2019



AVI Global Trust Share Price Total Return.
AVI Global Trust NAV Total Return.
MSCI All Country World ex-US Total Return.

Relative Importance of Spend on Pay

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

	2019	2018	Difference
Spend on Directors' fees*	**£156,623**	£145,871	+7.4%
Management fee and other expenses	**£7,759,519**	£8,100,776	-4.2%
Distribution to shareholders:			
(a) dividends	**£14,439,319**	£14,519,108	-0.5%
(b) share buyback	**£12,602,699**	£31,713,098	-60.2%

* 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 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 (or date of retirement if earlier or date of appointment, if later) are shown in the table below:

	Ordinary Shares	
Director	2019	2018
Susan Noble	**13,665**	13,630
Anja Balfour†	**7,300**	7,300
Steven Bates††	**20,000**	20,000
Graham Kitchen†††	**9,000***	–
Nigel Rich	**18,000****	18,000**
Calum Thomson	**8,898**	7,600

* Includes 2,500 held by Jane Kitchen.
** Includes 3,000 held by Cynthia Rich.
† Appointed 1 January 2018.
†† Retired 19 December 2018.
††† Appointed 1 January 2019.

There have been no changes to Directors' interests between 30 September 2019 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 2019:

(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.

Susan Noble
Chairman
11 November 2019

Independent Auditor's Report
To the Members of AVI Global Trust plc

KPMG

1. Our opinion is unmodified

We have audited the financial statements of AVI Global Trust plc ("the Company") for the year ended 30 September 2019 which comprise Statement of Comprehensive Income, Statement of Changes in Equity, Balance Sheet, Statement of Cash Flows, and the related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 September 2019 and its profit for the year then ended;
- have been properly prepared in accordance International Financial Reporting Standards as adopted by the European Union;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the audit committee.

We were first appointed as auditor by the shareholders on 20 December 2016. The period of total uninterrupted engagement is for the three financial years ended 30 September 2019. We have fulfilled our ethical responsibilities under, and we remain independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

Overview		
Materiality: financial statements as a whole		£10.4m (2018: £10.3m) 1% (2018: 1%) of total assets
Key audit matters		Versus 2018
Recurring risk	Carrying amount of quoted investments	◀▶

2. Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summarise below the key audit matter (unchanged from 2018), in arriving at our audit opinion above, together with our key audit procedures to address this matter and our findings from those procedures in order that the Company's members as a body may better understand the process by which we arrived at our audit opinion. This matter was addressed, and our findings are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on this matter.

	The risk	Our response
Carrying amount of quoted investments (£957.3m; 2018: £964.5m) *Refer to pages 73 to 75 (Report of the Audit Committee), page 56 (accounting policy) and pages 62 and 65 to 69 (financial disclosures).*	**Low risk; high value** The Company's portfolio of quoted investments makes up 91.3% (2018: 93.4%) of the Company's total assets by value and is considered to be one of the key drivers of results. We do not consider these investments to be at a high risk of significant misstatement, or to be subject to a significant level of judgement because they comprise liquid, quoted investments. However, due to their materiality in the context of the financial statements as a whole, they are considered to be the area which had the greatest effect on our overall audit strategy and allocation of resources in planning and completing our audit.	Our procedures included: — **Test of detail:** Agreeing the valuation of 100% of quoted investments in the portfolio to externally quoted prices; and — **Enquiry of custodians:** Agreeing 100% of investment holdings in the portfolio to independently received third party confirmations from investment custodians. **Our findings:** — We found the carrying amount of quoted investments to be acceptable (2018: acceptable).

3. Our application of materiality and an overview of the scope of our audit

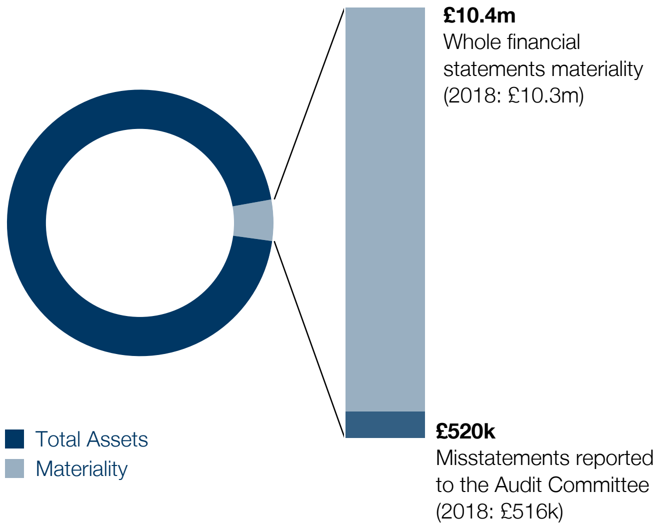
Materiality for the financial statements as a whole was set at £10.4m (2018: £10.3m), determined with reference to a benchmark of total assets, of which it represents 1% (2018: 1%).

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £520k (2018: £516k), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Our audit of the Company was undertaken to the materiality level specified above and was performed at the administrator, Link Asset Services in Exeter and at our offices.

Total assets
£1,048.8m (2018: £1,033.0m)

Materiality
£10.4m (2018: £10.3m)



4. We have nothing to report on going concern

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease their operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

Our responsibility is to conclude on the appropriateness of the Directors' conclusions and, had there been a material uncertainty related to going concern, to make reference to that in this audit report. However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Company will continue in operation.

In our evaluation of the Directors' conclusions, we considered the inherent risks to the Company's business model, including the impact of Brexit, and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period. We evaluated those risks and concluded that they were not significant enough to require us to perform additional audit procedures.

Based on this work, we are required to report to you if:

- we have anything material to add or draw attention to in relation to the Directors' statement in note 1 to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Company's use of that basis for a period of at least twelve months from the date of approval of the financial statements; or
- the related statement under the Listing Rules set out on page 48 is materially inconsistent with our audit knowledge.

We have nothing to report in these respects, and we did not identify going concern as a key audit matter.

5. We have nothing to report on the other information in the Annual Report

The Directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Strategic report and directors' report

Based solely on our work on the other information:

- we have not identified material misstatements in the Strategic Report and the Report of the Directors;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Directors' remuneration report

In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Disclosures of principal risks and longer-term viability

Based on the knowledge we acquired during our financial statements audit, we have nothing material to add or draw attention to in relation to:

- the Directors' confirmation within the viability statement on page 48 that they have carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency and liquidity;
- the Principal Risks disclosures describing these risks and explaining how they are being managed and mitigated; and

- the Directors' explanation in the viability statement of how they have assessed the prospects of the Company, over what period they have done so and why they considered that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Under the Listing Rules we are required to review the longer-term viability statement. We have nothing to report in this respect.

Our work is limited to assessing these matters in the context of only the knowledge acquired during our financial statements audit. As we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgments that were reasonable at the time they were made, the absence of anything to report on these statements is not a guarantee as to the Company's longer-term viability.

Corporate governance disclosures

We are required to report to you if:

- we have identified material inconsistencies between the knowledge we acquired during our financial statements audit and the Directors' statement that they consider that the annual report and financial statements 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; or
- the section of the annual report describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.

We are required to report to you if the Corporate Governance Statement does not properly disclose a departure from the eleven provisions of the UK Corporate Governance Code specified by the Listing Rules for our review.

We have nothing to report in these respects.

6. We have nothing to report on the other matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

7. Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 49, the Directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; 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; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using 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.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or other irregularities (see below), or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud, other irregularities or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

Irregularities – ability to detect

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors, the manager and the administrator (as required by auditing standards) the policies and procedures regarding compliance with laws and regulations. We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation) and its qualification as an Investment Trust under UK taxation legislation, any breach of which could lead to the company losing various deductions and exemptions from UK corporation tax, and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: the Listing Rules and certain aspects of company legislation recognising the financial and regulated nature of the Company's activities and its legal form.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors, the manager and the administrator and inspection of regulatory and legal correspondence, if any. These limited procedures did not identify any actual or suspected non-compliance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

8. The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and the terms of our engagement by the company. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and the further matters we are required to state to them in accordance with the terms agreed with the Company, and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Philip Merchant (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
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11 November 2019