OPTIMAL INVESTMENT GROWTH BASKET LIMITED

Annual Report and Financial Statements

For the year ended 30 September 2022

OPTIMAL INVESTMENT GROWTH BASKET LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
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OPTIMAL INVESTMENT GROWTH BASKET LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
GENERAL INFORMATION

DIRECTORS:	J Lewis D Stephenson K Lancaster-King
ADMINISTRATOR, SECRETARY AND REGISTRAR:	Sanne Fund Services (Guernsey) Limited (formerly Praxis Fund Services Limited) Sarnia House Le Truchot St Peter Port Guernsey GY1 1GR
REGISTERED OFFICE:	Sarnia House Le Truchot St Peter Port Guernsey GY1 1GR
INDEPENDENT AUDITOR:	Grant Thornton Limited St James Place St James Street St Peter Port Guernsey GY1 2NZ
BANKERS:	Investec Bank (Channel Islands) Limited PO Box 188 Glategny Court Glategny Esplanade St Peter Port Guernsey GY1 3LP
COMPANY REGISTRATION NO:	42302

REPORT OF THE DIRECTORS
For the year ended 30 September 2022

The Directors present the annual report and the audited financial statements ("the financial statements") of Optimal Investment Growth Basket Limited ("the Company") for the year ended 30 September 2022.

Principal Activity

The principal activity of the Company is that of a limited life investment holding company.

The Company is a Guernsey Authorised closed-ended investment company and is subject to the Authorised Closed-Ended Investment Scheme Rules 2021. The Company is listed on the Bermuda Stock Exchange.

Going concern

Under the terms of the Company's prospectus, following a successful fund raising in November 2018, the life of the Company was extended for a period of between 5 and 10 years from 26 November 2018, subject to exercise by the issuer of the Company's debt instrument of its call option over the debt. In the opinion of the Board, it is highly likely that the call option will be exercised on the first call date of 4 December 2023. At an Extraordinary General Meeting of the Company to be held during 2023, shareholders will be asked to approve a special resolution to extend the life of the Company for a further period from the Company's current expected termination date of 4 December 2023, and to authorise the Directors to seek to raise additional capital through a secondary fund raising. Should shareholders not approve the special resolution, or if insufficient capital can be raised for the proposed new investment term, the Company will terminate between 4 December 2023 and 4 December 2028, subject to exercise of the debt issuer's call option, and its shares be redeemed. However, in the view of the Directors, the likelihood of shareholders approving the special resolution, and of sufficient capital subsequently being raised, and therefore the Company continuing in existence beyond 4 December 2023, is extremely strong.

The Board considers that the Covid-19 pandemic has not had a significant impact on the Company's ability to continue as a going concern.

During the year, there has been considerable economic disruption as a result of geopolitical factors, principally the Russian invasion of Ukraine. This has affected national economies globally, and has had a significant impact upon financial markets, which has in turn impacted the valuation of the Company's equity-linked option investment. However, the Board does not consider that there will be any significant impact on the Company's ability to continue as a going concern, for the following reasons:

- The Company is closed-ended, as a result of which the Board has the power to decline requests to redeem shareholdings if it believes that such redemptions are not in the best interests of the Company;

- Should the Board agree to a redemption, it would be offered to the investor at a price that the assets can be redeemed in the market. The Company itself would not be exposed to any losses that may arise;

- The Company is less exposed to the risk of widespread investor sell-off, because of the defensive nature of the Company's investment profile. Other than through default or insolvency of the debt provider, investors will be aware that a key element of the Company's investment strategy is to provide capital protection, therefore limiting their exposure to falls in the markets of the kind that are currently being experienced; and

- During the year and subsequent to the reporting date, the Board has received no enquiries, either directly or via the Investment Adviser, from investors wishing to redeem their shareholdings at any other time other than at the predetermined planned date of redemption.

As a result of the above considerations, and as the Company has sufficient working capital and adequate resources to continue in operations and meet its liabilities as they fall due for the foreseeable future, the Directors have determined that these financial statements should be prepared on a going concern basis.

Results and Dividends

The Statement of Comprehensive Income is set out on page 10. The Directors do not propose a dividend for the year (2021: £ Nil).

Directors

The Directors of the Company during the year and to the date of this report are detailed below.

Janine Lewis

David Stephenson

Keri Lancaster-King

Directors' and Other Interests

Janine Lewis is a Director of the Company and a director of Sanne Fund Services (Guernsey) Limited ("SFSGL") (formerly Praxis Fund Services Limited), the Company's Administrator, Secretary, Custodian and Registrar, David Stephenson is a Director of the Company and an employee of SFSGL, and Keri Lancaster-King is a Director of the Company and is a director of SFSGL. Janine Lewis, David Stephenson and Keri Lancaster-King are shareholders in PraxisIFM Group Limited, which until 3 December 2021 was the ultimate parent company of SFSGL.

During the year, no Director has had any beneficial interest in the shares of the Company.

No Director of the Company, or Investec Corporate and Institutional Banking ('ICIB'), the Investment Advisor to the Company, holds any right, either contingent or otherwise, to subscribe for shares in the Company.

Details of fees paid to SFSGL and ICIB during the year are contained in notes 5, 9 and 17 to these Financial Statements.

No fees were paid to the Directors by the Company during the year.

Historical Results

The results and assets and liabilities of the Company for the last 5 years are as follows:

	Total Assets	Total Liabilities	Total Comprehensive Income
	£	£	£
Year ended 30 September 2022	85,213,248	68,612	11,238,870
Year ended 30 September 2021	73,954,845	49,079	8,834,166
Year ended 30 September 2020	65,145,734	74,134	2,366,024
Year ended 30 September 2019	62,726,233	20,657	3,236,956
Year ended 30 September 2018	40,668,560	19,145	2,548,914

Investment Portfolio

The Company's investment portfolio comprises the following investments:

	Percentage of portfolio	Cost	Carrying Value
		£	£
Investec Bank Limited Subordinated Callable Notes	77.3%	45,204,977	64,861,812
UBS AG Index Basket Option	22.7%	8,646,081	19,031,627
		53,851,058	83,893,439

Investec Bank Limited and UBS AG are providers of financial services.

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and financial statements in accordance with The Companies (Guernsey) Law, 2008.

Company law requires the Directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Company as at the end of the financial year, and of the profit or loss for the financial year.

Statement of Directors' Responsibilities (continued)
Under that law, the Directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss for that period. In preparing these financial statements, the Directors are required to:

- select suitable appropriate accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether IFRSs have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company’s transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with The Companies (Guernsey) Law, 2008 and with The Protection of Investors (Bailiwick of Guernsey) Law, 2020. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors confirm that:

- so far as each Director is aware, there is no relevant audit information of which the Company's auditor is unaware;
- each Director has taken all the steps he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information; and
- the financial statements give a true and fair view and have been prepared in accordance with International Financial Reporting Standards, with The Companies (Guernsey) Law, 2008 and with The Protection of Investors (Bailiwick of Guernsey) Law, 2020.

Independent Auditor
Grant Thornton Limited ('GT') has expressed its willingness to continue in office and a resolution to re-appoint GT as auditor to the Company will be proposed at the forthcoming Annual General Meeting.

By Order of the Board

Janine Lewis
Director
20 January 2023

INDEPENDENT AUDITOR'S REPORT

to the members of Optimal Investment Growth Basket Limited

Opinion

We have audited the financial statements of Optimal Investment Growth Basket Limited (the "Company") for the year ended 30 September 2022 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 September 2022 and of its profit for the year then ended;
- are in accordance with IFRSs as adopted by the IASB; and
- comply with the Companies (Guernsey) Law, 2008

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Guernsey, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies (Guernsey) Law, 2008 requires us to report to you if, in our opinion:

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

Responsibilities of the Directors for the financial statements

As explained more fully in the Directors' responsibilities statement set out on page 6, the Directors are responsible for the preparation of the financial statements which give a true and fair view in accordance with IFRSs, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for 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 the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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 error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

INDEPENDENT AUDITOR’S REPORT

to the members of Optimal Investment Growth Basket Limited (continued)

Use of our report

This report is made solely to the Company’s members, as a body, in accordance with section 262 of the Companies (Guernsey) Law, 2008. Our audit work has been undertaken so that we might state to the Company’s members those matters we are required to state to them in an auditor’s report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company’s members as a body, for our audit work, for this report, or for the opinions we have formed.

Grant Thornton Limited
Chartered Accountants
St Peter Port
Guernsey

OPTIMAL INVESTMENT GROWTH BASKET LIMITED

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 30 September 2022

	Notes	**2022**	2021
		£	£
INCOME			
Interest income	6	**3,317,151**	2,957,659
(LOSSES)/GAINS ON INVESTMENTS			
Unrealised (loss)/gain on investments at fair value through profit or loss	7	**(5,948,099)**	9,307,386
		(2,630,948)	12,265,045
Operating expenses	9	**(845,685)**	(811,095)
Foreign exchange (losses)/gains		**(17,098)**	4,857
(LOSS)/PROFIT FOR THE YEAR		**(3,493,731)**	11,458,807
OTHER COMPREHENSIVE INCOME/(LOSS)			
Items that may be reclassified to profit or loss			
Foreign exchange translation gains/(losses)		**14,732,601**	(2,624,641)
Other comprehensive income/(loss) for the year		**14,732,601**	(2,624,641)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**11,238,870**	8,834,166
(Loss)/earnings per ordinary share			
Basic and diluted (loss)/earnings per A Class share	10	**(117.41)**	385.10
Basic and diluted (loss)/earnings per B Class share	10	**(117.41)**	385.10

There are no recognised gains or losses other than those reported above.

The notes on pages 14 to 26 are an integral part of these financial statements.

OPTIMAL INVESTMENT GROWTH BASKET LIMITED

STATEMENT OF FINANCIAL POSITION
As at 30 September 2022

	Notes	2022 £	2021 £
NON-CURRENT ASSETS			
Investments at fair value through profit and loss	7	**19,031,627**	21,430,505
Investments at amortised cost	8	**64,861,812**	50,626,414
		83,893,439	72,056,919
CURRENT ASSETS			
Trade and other receivables	11	**153,516**	130,916
Long-term deposits		**971,811**	1,456,195
Cash and cash equivalents		**194,482**	310,815
		1,319,809	1,897,926
CURRENT LIABILITIES			
Trade and other payables	12	**(24,650)**	(17,375)
NET CURRENT ASSETS		**1,295,159**	1,880,551
NON-CURRENT LIABILITIES			
Trade and other payables	12	**(43,962)**	(31,704)
		85,144,636	73,905,766
CAPITAL AND RESERVES			
Share capital	13	**279**	279
Share premium	14	**45,524,460**	45,524,460
Retained earnings	15	**28,192,851**	31,686,582
Translation reserve	16	**11,427,046**	(3,305,555)
EQUITY SHAREHOLDERS' FUNDS		**85,144,636**	73,905,766
Number of fully paid Class A shares		**16,752.946**	16,752.946
Number of fully paid Class B shares		**13,002.754**	13,002.754
Net Asset Value per Class A share		**£2,861.46**	£2,483.75
Net Asset Value per Class B share		**US$3,196.25**	US$3,346.61

The financial statements were approved and authorised for issue by the Board on 20 January 2023 and signed on its behalf by:

Janine Lewis
Director

The notes on pages 14 to 26 are an integral part of these financial statements.

OPTIMAL INVESTMENT GROWTH BASKET LIMITED

STATEMENT OF CHANGES IN EQUITY
For the year ended 30 September 2022

	Note	Management Shareholders	A and B Class Shareholders				Total
		Share Capital	Share Capital	Share Premium	Retained Earnings	Translation Reserve	Total
		£	£	£	£	£	£
Year ended 30 September 2021							
At 30 September 2020		10	269	45,524,460	20,227,775	(680,914)	65,071,600
Total comprehensive income							
Net profit for the year		-	-	-	11,458,807	-	11,458,807
Other comprehensive loss							
Foreign exchange translation losses	**16**	-	-	-	-	(2,624,641)	(2,624,641)
At 30 September 2021		**10**	**269**	**45,524,460**	**31,686,582**	**(3,305,555)**	**73,905,766**
Year ended 30 September 2022							
Total comprehensive income							
Net loss for the year		**-**	**-**	**-**	**(3,493,731)**	**-**	**(3,493,731)**
Other comprehensive income							
Foreign exchange translation gains	**16**	**-**	**-**	**-**	**-**	**14,732,601**	**14,732,601**
At 30 September 2022		**10**	**269**	**45,524,460**	**28,192,851**	**11,427,046**	**85,144,636**

The notes on pages 14 to 26 are an integral part of these financial statements.

STATEMENT OF CASH FLOWS
For the year ended 30 September 2022

	Notes	2022 £	2021 £
Cash flows from operating activities			
(Loss)/profit for the year		**(3,493,731)**	11,458,807
Adjustments for:			
Interest income	6	**(3,317,151)**	(2,957,659)
Interest expense	9	**4,988**	1,721
Loss/(gain) on investments at fair value through profit and loss	7	**5,948,099**	(9,307,386)
Foreign exchange losses/(gains)		**17,098**	(4,857)
(Increase)/decrease in trade and other receivables (excluding interest receivable)		**(21,769)**	490
Increase/(decrease) in trade and other payables (excluding interest payable)		**7,275**	(25,498)
Net cash outflow from operating activities		**(855,191)**	(834,382)
Cash flows from investing activities			
Bank interest		**8,017**	9,528
Transfer from long-term deposits		**484,384**	671,651
Net cash inflow from investing activities		**492,401**	681,179
Decrease in cash and cash equivalents for the year		**(362,790)**	(153,203)
Cash and cash equivalents at the beginning of the year		**310,815**	577,526
Foreign exchange translation gains/(losses)		**246,457**	(113,508)
Cash and cash equivalents at the end of the year		**194,482**	310,815

The notes on pages 14 to 26 are an integral part of these financial statements.

1. GENERAL INFORMATION

Optimal Investment Growth Basket Limited (“the Company”) is a company incorporated and domiciled in Guernsey under The Companies (Guernsey) Law, 2008. The address of the registered office is given on page 3. The principal activity of the Company and its operations are detailed on page 4. These financial statements are presented in Sterling. The functional currency of the Company is US Dollars.

2. PRINCIPAL ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

Basis of preparation

The financial statements of the Company, have been prepared in accordance with International Financial Reporting Standards ('IFRS'). The financial statements comply with IFRS as issued by the International Accounting Standards Board ("IASB").

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments measured at fair value.

Going concern

Under the terms of the Company's prospectus, following a successful fund raising in November 2018, the life of the Company was extended for a period of between 5 and 10 years from 26 November 2018, subject to exercise by the issuer of the Company's debt instrument of its call option over the debt. In the opinion of the Board, it is highly likely that the call option will be exercised on the first call date of 4 December 2023. At an Extraordinary General Meeting of the Company to be held during 2023, shareholders will be asked to approve a special resolution to extend the life of the Company for a further period from the Company's current expected termination date of 4 December 2023, and to authorise the Directors to seek to raise additional capital through a secondary fund raising. Should shareholders not approve the special resolution, or if insufficient capital can be raised for the proposed new investment term, the Company will terminate between 4 December 2023 and 4 December 2028, subject to exercise of the debt issuer's call option, and its shares be redeemed. However, in the view of the Directors, the likelihood of shareholders approving the special resolution, and of sufficient capital subsequently being raised, and therefore the Company continuing in existence beyond 4 December 2023, is extremely strong.

The Board considers that the Covid-19 pandemic has not had a significant impact on the Company's ability to continue as a going concern.

During the year, there has been considerable economic disruption as a result of geopolitical factors, principally the Russian invasion of Ukraine. This has affected national economies globally, and has had a significant impact upon financial markets, which has in turn impacted the valuation of the Company's equity-linked option investment. However, the Board does not consider that there will be any significant impact on the Company's ability to continue as a going concern, for the following reasons:

• The Company is closed-ended, as a result of which the Board has the power to decline requests to redeem shareholdings if it believes that such redemptions are not in the best interests of the Company;

• Should the Board agree to a redemption, it would be offered to the investor at a price that the assets can be redeemed in the market. The Company itself would not be exposed to any losses that may arise;

• The Company is less exposed to the risk of widespread investor sell-off, because of the defensive nature of the Company's investment profile. Other than through default or insolvency of the debt provider, investors will be aware that a key element of the Company's investment strategy is to provide capital protection, therefore limiting their exposure to falls in the markets of the kind that are currently being experienced; and

• During the year and subsequent to the reporting date, the Board has received no enquiries, either directly or via the Investment Adviser, from investors wishing to redeem their shareholdings at any other time other than at the predetermined planned date of redemption.

As a result of the above considerations, and as the Company has sufficient working capital and adequate resources to continue in operations and meet its liabilities as they fall due for the foreseeable future, the Directors have determined that these financial statements should be prepared on a going concern basis.

2. PRINCIPAL ACCOUNTING POLICIES (continued)

Adoption of amended standards

In August 2020, the IASB completed its 'Replacement issues in the context of the IBOR reform' project, which amended certain existing standards effective for periods commencing on or after 1 January 2021. In the opinion of the Directors, the adoption of these amended standards has had no material impact on the Financial Statements of the Company.

Amended standards and interpretations not yet adopted

The following relevant standards, which have not been applied in these Financial Statements, were in issue at the reporting date but not yet effective:

- IAS 1 (amended), 'Presentation of Financial Statements' – (amendments relating to the classification of liabilities and disclosure of accounting policies, effective for accounting periods commencing on or after 1 January 2023);
- IAS 8 (amended), 'Accounting Policies, Changes in Accounting Estimates and Errors' – (clarifying how companies should distinguish changes in accounting policies from changes in accounting estimates, effective for accounting periods commencing on or after 1 January 2023); and
- IAS 37 (amended), 'Provisions, Contingent Liabilities and Contingent Assets' – (relating to the costs to include when assessing whether a contract is onerous, effective for accounting periods commencing on or after 1 January 2022).

In addition, the IASB has issued its publication 'Annual Improvements to IFRS Standards 2018-2020', which has amended certain existing standards, effective for accounting periods commencing on or after 1 January 2022.

In the opinion of the Directors, the adoption of these amended standards will have no material impact on the Financial Statements of the Company.

Financial assets - classification

Under IFRS 9, the classification and measurement of financial assets is driven by the entity's business model for managing the financial assets and the contractual cash flow characteristic of those financial assets.

The Company has determined that it has two distinct business models, as follows:

(i) To invest in a holding of Investec Bank Limited Unsecured Subordinated Callable Notes (the 'Notes'). Under IFRS 9, financial assets that are debt instruments may be classified as either (a) amortised cost, (b) fair value through other comprehensive income or (c) fair value through profit and loss ("FVTPL"). The purpose of the Company's investment in the Notes is to collect the contractual cashflows of solely payments of principal and interest arising on maturity, which will provide capital protection for investors in the Company, and accordingly, the Company has determined that this investment should be classified as an investment at amortised cost.

(ii) To invest in an option linked to a basket of indices, in order to provide investors with a potential upside on their investment. Under the terms of IFRS 9, the option is automatically classified as an investment at FVTPL.

Financial assets - recognition and subsequent measurement

Purchased financial assets are recognised on trade date, being the date on which the Company irrevocably commits to purchase the asset.

All investments are measured initially at fair value net of transaction costs, except where the investment will subsequently be measured at FVTPL. Transaction costs relating to the acquisition of investments at FVTPL are expensed as incurred in the Statement of Comprehensive Income.

After initial recognition, the Company's Option investment is measured at FVTPL. Fair value is calculated using quoted market prices, independent appraisals, discounted cash flow analysis or other appropriate valuation models at the reporting date. Changes in the fair value of financial assets at FVTPL are recognised in other gains/(losses) in profit or loss in the Statement of Comprehensive Income as applicable.

2. PRINCIPAL ACCOUNTING POLICIES (continued)

Financial assets - recognition and subsequent measurement (continued)
After initial recognition, the Company's Notes are measured at amortised cost using the effective interest rate method. Interest income from this financial asset is included in profit or loss. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses, including expected credit losses at initial recognition and changes to expected credit losses at each reporting date to reflect changes in credit risk since initial recognition, are presented as a separate line item in profit or loss in the Statement of Comprehensive Income.

All gains or losses are recognised in the period in which they arise.

Investments are derecognised when the rights to receive cash flows from the investments have expired or the Company has transferred substantially all risks and rewards of ownership.

Liquid resources
Liquid resources comprise cash and cash equivalents and long-term deposits. Cash and cash equivalents comprises bank balances and short term deposits with an original maturity of three months or less. Deposits with an original maturity of greater than three months are classified as long-term deposits.

Trade and other receivables
Trade and other receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components, when they are recognised at fair value. The Company holds the receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

Financial liabilities
Financial liabilities, other than those at FVTPL, are measured at amortised cost using the effective interest rate method.

Interest income
Interest income on financial assets at amortised cost is calculated using the effective interest rate method and recognised in profit or loss.

Foreign exchange
Items included in the financial statements of the Company are measured in the currency of the primary economic environment in which the Company operates (the "functional currency"). The Directors have determined that the functional currency of the Company is US Dollars, as it is the currency in which the Company's investments are denominated, a significant proportion (although not the majority) of capital raised, and in which the majority of the Company's expenses are incurred. The Directors have selected Sterling as the presentation currency of the Company.

Foreign currency assets and liabilities are translated into Sterling at the rate of exchange ruling on the reporting date. Foreign currency transactions are translated into the functional currency of US Dollars at the rate of exchange ruling at the date of the transaction, and then translated into Sterling at the average exchange rate for the reporting period. Foreign exchange gains and losses are recognised in the Statement of Comprehensive Income in the period in which they arise. Differences arising on translation from the functional currency to the presentation currency are recognised in other comprehensive income in the period in which they arise and are taken to the translation reserve.

Expenses
Expenses are accounted for on an accruals basis. All expenses are charged to the Statement of Comprehensive Income, except for expenses incurred in relation to the launch of the Company, which have been charged against share premium.

Taxation
The Company is exempt from Guernsey income tax under the Income Tax (Exempt Bodies) (Guernsey) Ordinance 1989 and is charged an annual exemption fee of £1,200 (2021: £1,200).

3. SEGMENT REPORTING

The Board of Directors considers that the Company is engaged in a single segment of business, being the holding of investments. The Board considers that it is the Company's Chief Operating Decision Maker.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results could differ from such estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate was revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The areas involving significant estimates or judgements are:

- Classification of and subsequent measurement basis of financial instruments – see note 2 (Financial assets – classification);
- Determination of the functional currency - see note 2 (Foreign exchange);
- Estimated fair value of financial assets measured at FVPL – see note 7; and
- Impairment of financial assets measured at amortised cost - see notes 8 and 11.

5. SIGNIFICANT AGREEMENTS

The following significant agreements have been entered into by the Company:

Administration, Custodian and Secretarial Agreement
Under the Administration, Custodian and Secretarial Agreement, with effect from 28 November 2018, the Company has agreed to pay or procure to be paid to the Administrator, for its services as administrator, secretary, custodian and registrar, a fee of 0.135% (2021: 0.135%) per annum of the Company's funds (as reduced by any redemptions of shares prior to the Redemption Date, for which the Administrator may receive a settlement and registration fee of up to 0.5% of the value of the redemption). In addition the Administrator is entitled to receive interest earned by the Company on the unpaid element of the fees. See notes 9, 11, 12 and 17 for details of administration fees and interest paid in the year and balances outstanding at the year end.

Investment Advisory Agreement
Under the Investment Advisory Agreement, with effect from 28 November 2018, the Company has agreed to pay or procure to be paid to the Advisor, for its services as advisor, a fee of 0.65% (2021: 0.65%) per annum of the Company's funds (as reduced by any redemptions of shares prior to the Redemption Date, for which the Investment Advisor may receive a settlement and registration fee of up to 0.75% of the value of the redemption). In addition the Advisor is entitled to receive interest earned by the Company on the unpaid element of the fees. See notes 9, 11, 12 and 17 for details of investment advisory fees and interest paid in the year and balances outstanding at the year end.

Distribution Agreement
Under the Distribution Agreement, the Company has agreed to pay or procure to be paid to the Distributors a fee of 0.65% (2021: 0.65%) per annum of that portion of the Company's funds that is derived from the subscription amount subscribed for by Subscribers introduced by the Distributor (as reduced by any redemptions of such shares prior to the Redemption Date), or holders of existing issued shares introduced by the Distributor and who elect to remain invested in the Company (as reduced by any redemptions of such shares prior to the Redemption Date). Investec Corporate and Institutional Banking, the Company's Investment Advisor, is also a Distributor for the Company. See notes 9, 11 and 12 for details of distribution fees paid in the year and balances outstanding at the year end.

All fees described above are payable annually in advance on the anniversary of the Trade Date (the date of investment of the Company's funds) each year until the Termination Date.

6. INTEREST INCOME

	2022	2021
	£	£
Interest on investments at amortised cost	**3,308,303**	2,947,342
Bank interest	**8,848**	10,317
	3,317,151	2,957,659

The effective interest rate used for calculating the interest on the Notes is 6.2108% (2021: 6.2108%).

7. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2022	2021
	£	£
UBS AG Index Option		
Fair value brought forward	**21,430,505**	12,599,871
Fair value adjustment	**(5,948,099)**	9,307,386
Translation difference	**3,549,221**	(476,752)
Fair value carried forward	**19,031,627**	21,430,505

On 28 November 2018, the Company acquired an option issued by UBS AG (the "Option") linked to a basket of indices comprising the following:

• S&P 500 Index	40%
• Euro Stoxx 50 Index	25%
• Nikkei 225 Index	20%
• iShares MSCI Emerging Markets Index	15%

The Directors determine the fair value of the Option based on valuations provided by UBS AG. The valuation/price of the Option is calculated by UBS AG using an option pricing model and a bid/ask price spread is published daily on Reuters.

The Option has been classified as a level 2 investment in the fair value hierarchy as the valuation is derived from observable inputs other than quoted prices in an active market (see note 18(iv)). The key inputs to the valuation were the notional value of the Option of USD 74,096,643.48 (2021: USD 74,096,643.48) and the published bid price of the Option of 28.69% (2021: 38.97%) as at 30 September 2022. The key inputs to the published bid price of the Option were the closing prices as at 30 September 2022 of the S&P 500 index (3,585.62 (2021: 4,307.54)), Euro Stoxx 50 index (3,318.20 (2021: 4,048.08)), Nikkei 225 index (25,937.21 (2021: 29,452.66)) and iShares MSCI Emerging Markets index (34.88 (2021: 50.38)).

8. INVESTMENTS AT AMORTISED COST

	2022	2021
	£	£
Investec Bank Limited Unsecured Subordinated Callable Notes		
Carrying value brought forward	**50,626,414**	49,709,874
Interest	**3,308,303**	2,947,342
Translation difference	**10,927,095**	(2,030,802)
Carrying value carried forward	**64,861,812**	50,626,414

The Investec Bank Limited Unsecured Subordinated Callable Notes (the "Notes") were acquired on 3 December 2018. The Notes function as zero coupon notes for a period of five years, and are redeemable at the option of the issuer on 4 December 2023. Should the Notes not be redeemed on 4 December 2023, they will subsequently be reclassified as Floating Rate Notes, paying interest quarterly at a rate of 3 month USD LIBOR plus 3.413%, with an ultimate compulsory maturity date of 4 December 2028.

8. INVESTMENTS AT AMORTISED COST (continued)

The Notes are measured at amortised cost using the effective interest rate method. The effective interest used for calculating the interest income is disclosed in note 6.

The calculation of impairment, including expected credit losses, is based on assumptions about risk of default and expected loss rates. The Company uses judgments in making this assumption and selecting the inputs to the impairment calculation based on past history and existing market conditions (see note 18(ii)). The Company has assessed the investment in the Notes for impairment and expected credit losses at the reporting date and has concluded that as at the year end no impairment or credit losses are expected over the life of the investment (2020: no impairment or credit losses were expected over the life of the investment).

The fair value of the Notes, calculated by ICIB at 30 September 2022, was £60,916,470 (2021: £48,863,206).

9. OPERATING EXPENSES

	2022	2021
	£	£
Investment advisory fees	**376,095**	355,870
Distribution fees	**361,967**	353,713
Administration fees	**79,818**	75,077
Auditor's remuneration	**7,109**	8,227
GFSC Licence fees	**3,703**	3,448
Listing and sponsor fees	**8,687**	8,220
Statutory fees	**1,575**	1,724
Interest expense	**4,988**	1,721
Sundry expenses	**1,743**	3,095
	845,685	811,095

10. (LOSS)/EARNINGS PER SHARE

The calculation of basic and diluted (loss)/earnings per share is based on the following data:

(Loss)/earnings attributable to shares:	**2022**	2021
(Loss)/earnings for purpose of basic and diluted (loss)/earnings per share being (loss)/profit for the year attributable to shareholders	**£(3,493,731)**	£11,458,807
Number of shares:		
Weighted average number of shares for the purpose of basic and diluted (loss)/earnings per share	**29,755.700**	29,755.700
Earnings per share attributable to A Class shares	**£(117.41)**	£385.10
Earnings per share attributable to B Class shares	**£(117.41)**	£385.10

A weighted average number of shares has been calculated to enable users to gain a fairer understanding of the earnings generated per share through the year. The weighted average has been calculated with reference to the number of days shares have actually been in issue and hence their ability to influence income generated.

11. TRADE AND OTHER RECEIVABLES

	2022	2021
	£	£
Bank interest receivable	**1,620**	789
Prepaid administration fees	**14,475**	12,000
Prepaid distributor fees	**66,655**	57,431
Prepaid investment advisory fees	**69,698**	57,779
Other prepayments	**1,068**	2,917
	153,516	130,916

The balance of trade and other receivables principally comprises prepayments, therefore a provision for expected credit losses is not required.

12. TRADE AND OTHER PAYABLES

	2022	2021
	£	£
Current		
Audit fee	**8,100**	8,000
Interest payable	**9,375**	9,375
Other accruals	**7,175**	-
	24,650	17,375
Non-current		
Interest payable	**43,962**	31,704

13. SHARE CAPITAL

Authorised:
Following the adoption of the Company's amended Articles of Association on 18 May 2018, the Company no longer has any defined authorised share capital.

	2022	2021
	£	£
Issued and fully paid:		
10 Management shares of £1 each	**10**	10
16,752.946 A Class shares of £0.01 each	**168**	168
13,002.754 B Class shares of US$0.01 each	**101**	101
	279	279

A Class and B Class shares are entitled to 1 vote each at a general meeting of the Company. Under the terms of the Company's prospectus, and in the absence of a further special resolution to extend the life of the Company, the Company's shares will be redeemed and the Company will terminate between December 2023 and December 2028. A Class and B Class shareholders are entitled to receive any dividends or distributions from the Company and any surplus arising on the winding up of the Company after the payment of creditors and redemption of the Management shares at their nominal value.

Management shares are entitled to 10,000 votes each at a general meeting of the Company. Management shares may only be owned by The Basket Trust (see note 17) or its nominee. Management shareholders are not entitled to receive any dividends or distributions from the Company nor any surplus arising on the winding up of the Company in excess of the nominal value of the Management shares.

14. SHARE PREMIUM

Movements in share premium are attributable to A Class and B Class shareholders as follows:

2022	**A Class**	**B Class**	**Total**
	£	**£**	**£**
Balance brought forward and carried forward	**20,213,186**	**25,311,274**	**45,524,460**

2021	A Class	B Class	Total
Balance carried forward	20,213,186	25,311,274	45,524,460

15. RETAINED EARNINGS

Movements in retained earnings are attributable to A Class and B Class shareholders as follows:

2022	**A Class**	**B Class**	**Total**
	£	**£**	**£**
Balance brought forward	**23,252,667**	**8,433,915**	**31,686,582**
Net loss for the year	**(1,967,028)**	**(1,526,703)**	**(3,493,731)**
Balance carried forward	**21,285,639**	**6,907,212**	**28,192,851**

2021	A Class	B Class	Total
	£	£	£
Balance brought forward	16,801,171	3,426,604	20,227,775
Net profit for the year	6,451,496	5,007,311	11,458,807
Balance carried forward	23,252,667	8,433,915	31,686,582

16. TRANSLATION RESERVE

Movements in the translation reserve are attributable to A Class and B Class shareholders as follows:

2022	**A Class**	**B Class**	**Total**
	£	**£**	**£**
Balance brought forward	**(1,861,082)**	**(1,444,473)**	**(3,305,555)**
Foreign exchange translation gains	**8,294,695**	**6,437,906**	**14,732,601**
Balance carried forward	**6,433,614**	**4,993,432**	**11,427,046**

2021	A Class	B Class	Total
	£	£	£
Balance brought forward	(383,366)	(297,548)	(680,914)
Foreign exchange translation losses	(1,477,716)	(1,146,925)	(2,624,641)
Balance carried forward	(1,861,082)	(1,444,473)	(3,305,555)

17. ULTIMATE CONTROLLING PARTY & RELATED PARTY TRANSACTIONS

The immediate controlling party at the year end date is PraxisIFM Trust Limited as trustee of The Basket Trust, which owns the Management shares in the Company. There is no ultimate controlling party of the Company.

The ultimate controlling party of PraxisIFM Trust Limited is PraxisIFM Group Limited ('PGL'). Until 3 December 2021, PGL was also the ultimate controlling party of Sanne Fund Services (Guernsey) Limited ('SFSGL') (formerly Praxis Fund Services Limited), the administrator of the Company. SFSGL is deemed to be a related party, as Janine Lewis (a Director of the Company) is a director of SFSGL; David Stephenson (a Director of the Company) is an employee of SFSGL; and Keri Lancaster-King (a Director of the Company) is a director of SFSGL. During the year SFSGL earned £79,818 (2021: £75,007) for their services as administrator. At the year end date administration fees of £14,475 had been paid to SFSGL in advance (2021: £12,000) and interest of £7,543 on outstanding fees (2021: £5,438) was payable to SFSGL.

The Investment Advisor, Investec Corporate and Institutional Banking ("ICIB"), a division of Investec Bank Limited, and Investec Bank Limited itself, are deemed to be related parties. During the year ICIB earned £376,095 (2021: £355,870) for their services as investment advisor. At the year end date advisory fees of £69,698 (2021: £57,779) had been paid to ICIB in advance and interest on outstanding fees of £45,795 (2021: £35,641) was payable to ICIB. The balances and transactions during the year with Investec Bank Limited related to the investments at amortised cost are disclosed in note 8.

18. FINANCIAL INSTRUMENT RISK FACTORS

The Company is exposed to market risk, credit risk and liquidity risk from the financial instruments it holds. The Company has a fixed modus operandi, as stated in its prospectus, which is to invest its capital in a zero coupon bond (or other structured product with similar characteristics) and an option or options on a specified index or basket of indices; and to retain a certain element of cash to cover expenses to be incurred over the specified period of its life. As a result of this, the Company's flexibility in dealing with the risks associated with these instruments is somewhat limited. However, the risk management policies that are employed by the Company to manage these risks are discussed below. There have been no changes to the Company's exposure to market risk, credit risk and liquidity risk; or its objectives, policies and procedures for managing such risks, since the prior year.

(i) Market risk

(a) Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Company's functional currency of US Dollars. As at 30 September 2022, the Company is exposed to foreign exchange risk in relation to the following assets and liabilities:

		2022	2021
	Source currency	**£**	£
Cash and cash equivalents	Sterling	**100,584**	112,420
Trade and other payables	Sterling	**(19,603)**	(17,375)
Cash and cash equivalents	South African Rand	**-**	10,151
		80,981	105,196

At 30 September 2022, the foreign currency exposure of the Company against the functional currency of US Dollars, principally to Sterling, represented 0.1% of Equity Shareholder's Funds (2021: 0.1%). The Company's policy is not to manage the Company's exposure to foreign exchange movements by entering into any foreign exchange hedging transactions. If the exchange rate of the US Dollar against Sterling at the year end date had been 10% higher/lower, this would have resulted in an increase/decrease in the year end net asset value of £8,098 (2021: increase/decrease of £10,520). The sensitivity rate of 10% is regarded as reasonable as this is the approximate volatility of Sterling against the US Dollar in the year.

The Company had no other material currency exposures as at 30 September 2022 or 30 September 2021.

18. FINANCIAL INSTRUMENT RISK FACTORS (continued)

(i) Market risk (continued)

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk on its cash and cash equivalents and fixed deposits and on interest payable on outstanding future fees. At 30 September 2022, the Company held cash and cash equivalents of £194,482 (2021: £310,815), which earned interest at a weighted average rate of 0% (2021: 0%), and held a long-term deposit of £971,811 (2021: £1,456,195), which earned interest at a rate of 2.70% (2021: 0.65%). At 30 September 2022, the Company had outstanding future fees on which interest is payable of £581,657 (2021: £1,163,075), on which interest at a rate of 2.70% is payable (2021: 0.65%).

Had these balances existed for the whole of the year and all other factors remained the same, the effect on the Statement of Comprehensive Income of an increase of 1.0%/decrease of 0.5% in short-term interest rates (2021: increase/decrease of 0.25%) per annum would have been an increase of £5,846/decrease of £1,951 in total comprehensive income for the year (2021: increase of £1,510/decrease of £733). The sensitivity rates of a 1.0% increase and 0.5% decrease are regarded as reasonable following the recent trend of significant hikes in interest rates globally.

The Company had no other material interest rate exposures as at either 30 September 2022 or 30 September 2021. The Company's Notes are not interest-bearing, however the Notes are measured using amortised cost and the unwind of the discount over the life of the Notes is charged as interest to the Statement of Comprehensive Income.

(c) Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market. The Company's investment in Investec Bank Limited Callable Notes is measured at amortised cost, and is therefore not subject to price risk. The Company’s Option is directly affected by changes in market prices.

Price risk is managed at inception by investing in a combination of two financial instruments: a holding of zero coupon bonds (or other structured product with similar characteristics) that should provide capital protection for investors; and a call option on a basket of indices that the investment advisor believes is most likely to provide positive performance during the life of the Company. In order to provide capital protection, the amount of Notes acquired is calculated with the intention that the maturing amount will be sufficient to guarantee that all investors who remain in the Company to maturity will at minimum get back the amount that they invested plus a return of 5%. The call option provides the potential for significant upside performance, should the relevant indices perform well, with the downside limited to loss of the initial option premium.

The investment premise of the Company involves participation in the potential upside afforded by the Option, whilst enjoying the capital protection afforded by the Notes. Therefore, whilst the Board monitors the performance of the Option and Notes, it is unlikely that the Board would consider redeeming these at any stage, other than in relation to the redemption of investors' shares. As a result, the management of price risk effectively occurs at the inception of the Company in the selection of investments, and is not an active ongoing process during the remainder of the life of the Company.

18. FINANCIAL INSTRUMENT RISK FACTORS (continued)

(i) Market risk (continued)

(c) Price risk (continued)

The investments at FVTPL expose the Company to price risk. The details are as follows:

	2022	2021
	£	£
UBS AG Index Option	**19,031,627**	21,430,505
	19,031,627	21,430,505

A 50 per cent increase/decrease in the published price of the Option at 30 September 2022 would have increased/decreased the Net Asset Value of the Company by £9,515,814 (2021: a 50% decrease in the published price of the Option would decrease the Net Asset Value of the Company by £10,715,253, but due to the cap on the option contract, a 50% increase in the published price of the Option would increase the Net Asset Value of the Company by £8,828,328). The sensitivity rate of 50% is regarded as reasonable due to the potential volatility of the indices to which the UBS AG Option is linked, magnified by the participation rate of 244.55% attached to the Option.

(ii) Credit risk

Credit risk arises when a failure by counter-parties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the year end date. These financial assets include cash and cash equivalents, long-term deposits, debtors, investments at amortised cost and investments at FVTPL. The Company's exposure to credit risk arises from default of the counterparty with a maximum exposure equal to the carrying value or fair value of these instruments.

The Company states in its Prospectus that it will invest in subordinated debt instruments issued by Investec Bank Limited ('IBL') and an option linked to a specified index, and provides extensive disclosure to shareholders of those instruments and the risks attached thereto. As a result of this, the Company's policy for managing the credit risk attached to the Company's financial assets is to monitor the credit rating of the relevant counterparty for any significant deterioration, without reference to an absolute range of credit ratings. In the event of there being any significant deterioration in the perceived creditworthiness of the counterparty to a point where shareholders' interest may be at risk, the Directors in their absolute discretion would consider the following courses of action: selling the relevant securities to third party purchasers and reinvesting the proceeds in the purchase of securities of another issuer, such that the new securities would replicate as closely as possible the terms and conditions of the original securities; and transferring cash to another banking institution. At initial recognition of the Notes and the Option, the Directors considered the credit risk attached to these instruments to be low, and this remains their view. The Directors would only seek to sell the relevant securities or transfer cash if they (in consultation with the investment advisor) consider on the advice of the investment advisor that such would be in the best interests of the Company and its shareholders.

In accordance with this policy, the Board (in consultation with the investment advisor) has noted that the Fitch long-term credit rating of IBL as at 30 September 2022 was BB- (30 September 2021: BB-). The year end rating of Investec plc, a sister company to IBL, which holds the Company's cash and cash equivalents, is BBB+ (2021: BBB+). As a result, the Directors and the investment advisor believe that it is not in the best interest of shareholders to attempt to unwind the Notes prior to their maturity date on 4 December 2023, as they believe firstly that there has been no significant deterioration in the creditworthiness of IBL, and secondly that obtaining an alternative investment with an institution with a higher credit rating could only be achieved on less favourable terms than those offered by the Notes, which could affect the Company's ability to offer capital protection to shareholders on their investment.

The Company monitors the creditworthiness of its counterparties on an ongoing basis and considers a financial asset to be in default when the counterparty fails to make contractual payments within 60 days of when they fall due. No instances of default or significant changes to the Company's credit risk or expected loss rates have been identified in the last 12 months.

18. FINANCIAL INSTRUMENT RISK FACTORS (continued)

(ii) Credit risk (continued)

The majority of the Company's trade and other receivables consists of prepayments and there is no credit risk associated with these balances.

The Option is held with UBS AG, which has a Fitch long-term rating of AA- (2021: AA-). The cash and cash equivalents are held with Investec Bank (Channel Islands) Limited, which has a Fitch long term rating of BBB+ (2021: BBB+).

(iii) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet financial liability obligations as they fall due, which may cause financial losses to the Company. The Company places its cash and cash equivalents with financial institutions on a short-term basis in order to maintain a high level of liquidity. This ensures that the Company is able to complete transactions in a timely manner, thus minimising the Company's exposure to such losses.

The Board reviews the cash resources of the Company on an ongoing basis to ensure that sufficient monies are held on call account to meet the Company's short-term obligations. At 30 September 2022 the cash on call was £194,482 (2021: £310,815), which is considered by the Board to be sufficient to meet all of the Company's short term obligations.

The table below analyses the Company's financial liabilities, which will be settled on a net basis, into relevant maturity groupings based on the remaining period from the period end date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

2022	**Less than 6 months** **£**	**6-12 months** **£**	**1-5 years** **£**
Trade and other payables	**24,650**	**-**	**43,962**
Net exposure	**24,650**	**-**	**43,962**

2021	Less than 6 months £	6-12 months £	1-5 years £
Trade and other payables	17,375	-	31,704
Net exposure	17,375	-	31,704

18. FINANCIAL INSTRUMENT RISK FACTORS (continued)

(iv) Fair value hierarchy

The following table analyses instruments carried at fair value, by level of the fair value hierarchy. The different levels have been defined as follows:

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

2022	**Level 1**	**Level 2**	**Level 3**	**Total**
	£	**£**	**£**	**£**
Investments at fair value through profit or loss	**-**	**19,031,627**	**-**	**19,031,627**
	-	**19,031,627**	**-**	**19,031,627**

2021	Level 1	Level 2	Level 3	Total
	£	£	£	£
Investments at fair value through profit or loss	-	21,430,505	-	21,430,505
	-	21,430,505	-	21,430,505

There have been no transfers between levels of the fair value hierarchy during the year.

19. CAPITAL RISK MANAGEMENT

The Company's capital comprises the funds it has raised through the issue of share capital.

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to ensure that the Company will be able to continue as a going concern, the Board continuously monitors forecast and actual cash flows and matches the maturity profiles of assets and liabilities. The Board has also considered the impact of the Covid-19 pandemic subsequent to the year end, and does not believe that this will have a significant impact on the Company's capital or its ability to continue as a going concern. The Company has no external borrowings.

Shareholders may be able to redeem their Shares prior to the Redemption Date, however such redemptions are wholly at the discretion of the Directors, and any request for redemption may be refused in whole or in part. No early redemptions will be permitted unless the Directors are satisfied that they have complied with all applicable law, including satisfaction of the solvency test as required by the Companies (Guernsey) Law, 2008. There have been no changes to the Company's objectives or policies and procedures for managing capital since the previous year end.

20. POST BALANCE SHEET EVENTS

There were no significant post balance sheet events requiring disclosure in these financial statements.