BRITANNIC OPPORTUNITIES LIMITED

Annual Report and Financial Statements

For the year ended 30 September 2022

BRITANNIC OPPORTUNITIES LIMITED

REPORT AND FINANCIAL STATEMENTS
CONTENTS

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
INVESTMENT ADVISER:	Investec Corporate and Institutional Banking 36 Hans Strijdom Avenue Foreshore Cape Town 8001 South Africa
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:	57717

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 Britannic Opportunities 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 Registered closed-ended investment company and is subject to the Registered Collective Investment Scheme Rules and Guidance, 2021. The Company is listed on the Bermuda Stock Exchange.

Going concern

At an Extraordinary General Meeting of the Company held on 20 December 2022, shareholders approved a special resolution to extend the life of the Company for a further period from the Company's current termination date of 27 April 2023, and to authorise the Directors to seek to raise additional capital through a secondary fund raising. Should insufficient capital be raised for the proposed new investment term, the Company will terminate on 27 April 2023 and its shares be redeemed. However, in the view of the Directors, the likelihood of sufficient capital being raised, and therefore the Company continuing in existence beyond 27 April 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 ended 30 September 2022 (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, 10 and 18 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 five years are as follows:

	Total Assets	Total Liabilities	Total Comprehensive Income
	£	£	£
Year ended 30 September 2022	79,990,975	251,975	12,028,119
Year ended 30 September 2021	67,737,473	26,592	5,432,555
Year ended 30 September 2020	62,301,378	23,052	1,154,379
Year ended 30 September 2019	61,239,599	115,652	5,169,249
Year ended 30 September 2018	49,439,489	29,062	4,146,748

Investment Portfolio

The Company's investment portfolio comprises the following investments:

	Percentage of portfolio	Cost	Carrying Value
		£	£
Investec Bank Limited Structured Deposit (underlying bonds issued by Absa Group Limited)	59.0%	36,083,069	46,859,417
Investec Bank Limited Structured Deposit (underlying bonds issued by FirstRand Bank Limited)	25.4%	15,660,823	20,122,511
Goldman Sachs International Index Option	15.6%	5,073,929	12,362,976
		56,817,821	79,344,904

Investec Bank Limited, Absa Group Limited, FirstRand Bank Limited and Goldman Sachs International 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 IFRS, with The Companies (Guernsey) Law, 2008 and with The Protection of Investors (Bailiwick of Guernsey) Law, 2020.

Independent Auditor
Grant Thornton Limited have expressed their willingness to continue in office and a resolution to re-appoint them as auditor to the Company will be proposed at the forthcoming Annual General Meeting.

By Order of the Board

Keri Lancaster-King
Director
16 January 2023

INDEPENDENT AUDITOR'S REPORT

to the members of Britannic Opportunities Limited

Opinion

We have audited the financial statements of Britannic Opportunities 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.

Material uncertainty related to going concern

We draw attention to Note 2 in the financial statements which states that under the terms of the Company's prospectus, the life of the Company is due to terminate on 27 April 2023. As stated in Note 2, these events or conditions, along with other matters as set out in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

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 pages 5 and 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 Britannic Opportunities 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

16 January 2023

BRITANNIC OPPORTUNITIES LIMITED

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 30 September 2022

	Notes	**2022** £	2021 £
INCOME			
Interest income	6	**2,693,241**	2,406,224
(LOSSES)/GAINS ON INVESTMENTS			
(Losses)/gains on investments at fair value through profit or loss	7	**(3,205,927)**	6,270,910
Losses on derivative at fair value through profit or loss	9	**(389,383)**	(67,988)
		(902,069)	8,609,146
Operating expenses	10	**(789,401)**	(741,535)
Foreign exchange (losses)/gains		**(120)**	54
(LOSS)/PROFIT FOR THE YEAR		**(1,691,590)**	7,867,665
OTHER COMPREHENSIVE INCOME/(LOSS)			
Items that may be reclassified to profit and loss			
Foreign exchange translation gains/(losses)	17	**13,719,709**	(2,435,110)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**12,028,119**	5,432,555
(Loss)/earnings per share			
Basic and diluted (loss)/earnings per A Class share	11	**GBP (39.05)**	GBP 181.63
Basic and diluted (loss)/earnings per B Class share	11	**GBP (39.05)**	GBP 181.63

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

The notes on pages 14 to 27 are an integral part of these financial statements.

BRITANNIC OPPORTUNITIES 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	**-**	13,295,944
Investments at amortised cost	8	**-**	52,972,489
Derivative assets at fair value through profit and loss	9	**-**	204,394
		-	66,472,827
CURRENT ASSETS			
Investments at fair value through profit and loss	7	**12,362,976**	-
Investments at amortised cost	8	**66,981,928**	-
Trade and other receivables	12	**491,546**	585,076
Unpaid share capital		**10**	10
Long-term deposits		**-**	658,554
Cash and cash equivalents		**154,515**	21,006
		79,990,975	1,264,646
CURRENT LIABILITIES			
Trade and other payables	13	**(52,116)**	(7,900)
Derivative liabilities at fair value through profit or loss	9	**(199,859)**	-
NET CURRENT ASSETS		**79,739,000**	1,256,746
NON-CURRENT LIABILITIES			
Trade and other payables	13	**-**	(18,692)
		79,739,000	67,710,881
CAPITAL AND RESERVES			
Share capital	14	**406**	406
Share premium	15	**51,135,535**	51,135,535
Retained earnings	16	**19,278,116**	20,969,706
Translation reserve	17	**9,324,943**	(4,394,766)
EQUITY SHAREHOLDERS' FUNDS		**79,739,000**	67,710,881
Number of fully paid A Class shares		**24,720.472**	24,720.472
Number of fully paid B Class shares		**18,597.629**	18,597.629
Net Asset Value per A Class Share		**GBP 1,840.78**	GBP 1,563.11
Net Asset Value per B Class Share		**USD 2,056.15**	USD 2,106.13

The financial statements were approved and authorised for issue by the Board on 16 January 2023 and signed on its behalf by:

Keri Lancaster-King
Director

The notes on pages 14 to 27 are an integral part of these financial statements.

BRITANNIC OPPORTUNITIES LIMITED

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

	Management Shareholders	A Class and B Class Shareholders				Total
	Share Capital £	Share Capital £	Share Premium £	Retained Earnings £	Translation reserve £	Total £
Year ended 30 September 2021						
At 1 October 2020	10	396	51,135,535	13,102,041	(1,959,656)	62,278,326
Net profit for the year	-	-	-	7,867,665	-	7,867,665
Other comprehensive loss						
Foreign exchange translation losses (see note 17)	-	-	-	-	(2,435,110)	(2,435,110)
At 30 September 2021	10	396	51,135,535	20,969,706	(4,394,766)	67,710,881
Year ended 30 September 2022						
Net loss for the year	**-**	**-**	**-**	**(1,691,590)**	**-**	**(1,691,590)**
Other comprehensive income						
Foreign exchange translation gains (see note 17)	**-**	**-**	**-**	**-**	**13,719,709**	**13,719,709**
At 30 September 2022	**10**	**396**	**51,135,535**	**19,278,116**	**9,324,943**	**79,739,000**

The notes on pages 14 to 27 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		**(1,691,590)**	7,867,665
Adjustments for:			
Interest income	6	**(2,693,241)**	(2,406,224)
Interest expense	10	**2,701**	4,097
Losses/(gains) on investments at fair value through profit and loss	7	**3,205,927**	(6,270,910)
Losses on derivatives at fair value through profit and loss	9	**389,383**	67,988
Decrease in trade and other receivables		**93,530**	23,118
Increase in trade and other payables (excluding interest payable)		**18,572**	-
Net cash outflow from operating activities		**(674,718)**	(714,266)
Cash flows from investing activities			
Interest income		**4,125**	6,127
Transfers from long-term deposits		**658,554**	457,780
Net cash inflow from investing activities		**662,679**	463,907
Decrease in cash and cash equivalents for the year		**(12,039)**	(250,359)
Cash and cash equivalents at the beginning of the year		**21,006**	368,069
Foreign exchange translation gains/(losses)		**145,548**	(96,704)
Cash and cash equivalents at the end of the year		**154,515**	21,006

The notes on pages 14 to 27 are an integral part of these financial statements.

1. GENERAL INFORMATION

Britannic Opportunities 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 Pound 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
At an Extraordinary General Meeting of the Company held on 20 December 2022, shareholders approved a special resolution to extend the life of the Company for a further period from the Company's current termination date of 27 April 2023, and to authorise the Directors to seek to raise additional capital through a secondary fund raising. Should insufficient capital be raised for the proposed new investment term, the Company will terminate on 27 April 2023 and its shares be redeemed. However, in the view of the Directors, the likelihood of sufficient capital being raised, and therefore the Company continuing in existence beyond 27 April 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 new and 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 one or more structured deposits issued by Investec Bank Limited (the "Structured Deposits"). 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 Structured Deposits 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 an index or basket of indices (the "Option"), 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 Structured Deposits 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 Pound Sterling as the presentation currency of the Company.

Foreign currency assets and liabilities are translated into Pound 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 Pound 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.

2. PRINCIPAL ACCOUNTING POLICIES (continued)

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 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 notes 7 and 9; and
- Impairment of financial assets measured at amortised cost - see notes 8 and 12.

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, 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 0.11% (2021: 0.11%) per annum of the Company's funds (as reduced by any redemptions of Ordinary Shares prior to the Redemption Date, which attract a redemption 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 due to the date of termination. See notes 10, 12 and 18 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, the Company has agreed to pay or procure to be paid to the advisor, for its services as advisor, a fee of 0.60% (2021: 0.60%) per annum of the Company's funds (as reduced by any redemptions of Ordinary Shares prior to the Redemption Date, which attract a redemption fee of up to 0.75% of the value of the redemption). In addition the Investment Advisor is entitled to receive interest earned by the Company on the unpaid element of the fees due to the date of termination. See notes 10, 12 and 18 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 0.60% (2021: 0.60%) 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 Ordinary Shares prior to the Redemption Date). See notes 10 and 12 for details of distribution fees paid in the year and balances outstanding at the year end. Investec Corporate and Institutional Banking, the Company's Investment Advisor, is also a Distributor for the Company.

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 (the date of compulsory redemption of the ordinary shares).

6. INTEREST INCOME

	2022 £	2021 £
Interest on investments at amortised cost	**2,689,116**	2,399,752
Bank interest	**4,125**	6,472
	2,693,241	2,406,224

The effective interest rates used for calculating the interest on the Company's two Structured Deposits (see note 8) are 4.5808% and 4.9299% respectively (2021: 4.5808% and 4.9299% respectively).

7. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2022 £	2021 £
Goldman Sachs International Index Option		
Fair value brought forward	**13,295,944**	7,221,908
Fair value adjustment	**(3,205,927)**	6,270,910
Translation difference	**2,272,959**	(196,874)
Fair value carried forward	**12,362,976**	13,295,944

The Goldman Sachs International Index Option is a Call Option referenced to the Euro Stoxx 50 index (30%), the S&P 500 index (40%) and the Nikkei 225 index (30%). The expiry date of the Option is 24 April 2023.

The Directors determine the fair value of the Option based on valuations provided by Goldman Sachs. The valuation/price of the Option is calculated by Goldman Sachs using an option pricing model and a closing price is published daily on Bloomberg.

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 19(iv)). The key inputs to the valuation were the notional value of the Option (£74,645,644 (2021: £74,645,644)) and the published price of the Option (18.80% (2021: 24.0%)) as at 30 September 2022. The key inputs to the published price of the Option were the closing prices as at 30 September 2022 of the Euro Stoxx 50 index (3,318.20 (2021: 4,048.08)), S&P 500 index (3,585.62 (2021: 4,307.54)) and Nikkei 225 index (25,937.21 (2021: 29,452.66)).

8. INVESTMENTS AT AMORTISED COST

	2022 £	2021 £
Investec Bank Limited Structured Deposits		
Carrying value brought forward	**52,972,489**	52,701,325
Interest	**2,689,116**	2,399,752
Translation difference	**11,320,323**	(2,128,587)
Carrying value carried forward	**66,981,928**	52,972,489

The Company's investments at amortised cost comprise two Structured Deposits ("SD1" and "SD2") issued by Investec Bank Limited.

8. INVESTMENTS AT AMORTISED COST (continued)

Investec Bank Limited Structured Deposits (continued)

SD1 comprises:

- A holding of Absa Group Limited 6.25% bonds maturing in 2028 (the "Absa bonds"). The Absa bonds were purchased in the market, and are callable by the issuer at par on 25 April 2023;
- An accreting bank deposit, which commences on the date of the first coupon payment from the Absa bonds, receives all subsequent coupon payments during the life of the Company, and earns interest on a quarterly compounding basis; and
- An interest rate swap, which fixes the interest rate on the accreting deposit. In accordance with IFRS 9, this instrument is classified separately in the Statement of Financial Position under the heading 'Derivatives at fair value through profit and loss', and movements in the fair value thereof are recognised separately in the Statement of Comprehensive Income (see note 9).

SD2 comprises:

- A holding of FirstRand Bank Limited 6.25% bonds maturing in 2028 (the "FirstRand bonds"). The FirstRand bonds were purchased in the market, and are callable by the issuer at par on 25 April 2023;
- An accreting bank deposit, which commences on the date of the first coupon payment from the FirstRand bonds, receives all subsequent coupon payments during the life of the Company, and earns interest on a quarterly compounding basis; and
- An interest rate swap, which fixes the interest rate on the accreting deposit. In accordance with IFRS 9, this instrument is classified separately in the Statement of Financial Position under the heading 'Derivatives at fair value through profit and loss', and movements in the fair value thereof are recognised separately in the Statement of Comprehensive Income (see note 9).

The Directors regard the Structured Deposits as single financial instruments, which are measured at amortised cost, using the effective interest rate method, except for the embedded interest rate swap, which is measured at its mark-to-market value (see note 9). The effective interest rates used for calculating the interest income are 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 19(ii)). The Company has assessed the investment in the Structured Deposits 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 (2021: no impairment or credit losses were expected over the life of the investment).

The fair value of the Structured Deposits, calculated by ICIB at 30 September 2022, was £66,599,212 (2021: £52,011,883).

9. DERIVATIVES AT FAIR VALUE THROUGH PROFIT OR LOSS

	2022	2021
	£	**£**
Fair value brought forward	**204,394**	285,193
Fair value adjustment	**(389,383)**	(67,988)
Translation difference	**(14,870)**	(12,811)
Fair value carried forward	**(199,859)**	204,394

Derivatives at fair value through profit or loss comprise interest rate swaps, which were acquired during the year, to fix the interest rate on the accreting deposit components of the Structured Deposits (see note 8). The interest rate swaps are measured at their marked-to-market value, based on valuations provided by the swap issuer, less a provision for unwind costs, estimated by the Investment Advisor.

9. DERIVATIVES AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

Details of specific inputs to the valuation of the interest rate swaps and related sensitivity analysis have not been included in note 19(i)(c), as the value of the swaps is not material, and also because, as noted above, the swaps form part of the mechanism for fixing the redemption prices of the Structured Deposits, and will therefore not be traded or realised separately.

The interest rate swap is classified as a level 2 investment in the fair value hierarchy.

10. OPERATING EXPENSES

	2022	2021
	£	£
Distributors' fees	347,000	324,054
Investment advisory fees	349,736	327,177
Administration fees	65,827	61,151
Audit fee	8,122	8,411
GFSC licence fee	3,801	3,477
Listing & sponsorship fees	8,687	8,127
Statutory fees	1,575	1,692
Professional indemnity insurance	1,365	1,245
Interest expense	2,701	4,097
Sundry expenses	587	2,104
	789,401	741,535

11. (LOSS)/EARNINGS PER ORDINARY SHARE

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

	2022	2021
(Loss)/earnings attributable to ordinary shares:	£	£
(Loss)/profit for the purpose of calculation of basic and diluted earnings per share being (loss)/profit for the year attributable to ordinary shareholders	(1,691,590)	7,867,665
Number of shares:		
Weighted average total of A and B Class shares for the purpose of basic earnings per share	43,318.101	43,318.101
(Loss)/earnings per share attributable to A Class shares	GBP (39.05)	GBP 181.63
(Loss)/earnings per share attributable to B Class shares	GBP (39.05)	GBP 181.63

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 in the year, and hence their ability to influence income generated.

12. TRADE AND OTHER RECEIVABLES

	2022	2021
	£	£
Prepaid administration fee	-	48,585
Prepaid distributors' fees	227,913	262,899
Prepaid investment advisory fee	229,591	265,007
Other debtors and prepayments	34,042	8,585
	491,546	585,076

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

13. TRADE AND OTHER PAYABLES

	2022	2021
	£	£
Current		
Audit fee	8,000	7,900
Administration fee	14,903	-
Interest payable	25,644	-
Other accruals	3,569	-
	52,116	7,900
Non-current		
Interest payable	-	18,692
	-	18,692

14. SHARE CAPITAL

Following the adoption of the Company's amended Articles of Association on 22 March 2019, the Company no longer has any defined authorised capital.

	2022	2021
	£	£
Issued:		
10 unpaid Management shares of £1 each	10	10
24,720.472 A Class shares of £0.01 each	247	247
18,597.629 B Class shares of US$0.01 each	149	149
	406	406

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 new 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 on 27 April 2023. 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 18) 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.

15. SHARE PREMIUM

2022	**A Class**	**B Class**	**Total**
	£	**£**	**£**
Balance brought forward and carried forward	**25,457,481**	**25,678,054**	**51,135,535**

2021	A Class	B Class	Total
	£	£	£
Balance brought forward and carried forward	25,457,481	25,678,054	51,135,535

16. 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	**15,673,739**	**5,295,967**	**20,969,706**
Net loss for the year	**(965,345)**	**(726,245)**	**(1,691,590)**
Balance carried forward	**14,708,394**	**4,569,722**	**19,278,116**

2021	A Class	B Class	Total
	£	£	£
Balance brought forward	11,183,875	1,918,166	13,102,041
Net profit for the year	4,489,864	3,377,801	7,867,665
Balance carried forward	15,673,739	5,295,967	20,969,706

17. 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	**(2,507,974)**	**(1,886,792)**	**(4,394,766)**
Foreign exchange translation gains	**7,829,467**	**5,890,242**	**13,719,709**
Balance carried forward	**5,321,493**	**4,003,450**	**9,324,943**

2021	A Class	B Class	Total
	£	£	£
Balance brought forward	(1,118,323)	(841,333)	(1,959,656)
Foreign exchange translation losses	(1,389,651)	(1,045,459)	(2,435,110)
Balance carried forward	(2,507,974)	(1,886,792)	(4,394,766)

18. ULTIMATE CONTROLLING PARTY AND 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 £65,827 (2021: £61,151) for its services as administrator. At the year end date administration fees of £14,903 were payable to SFSGL (2021: £48,585 paid to SFSGL in advance) and interest of £4,893 (2021: £3,600) on outstanding fees 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 £349,736 (2021: £327,177) for their services as investment advisor. At the year end date investment advisory fees of £229,591 had been paid to ICIB in advance (2021: £265,007 outstanding) and interest of £20,751 (2021: £15,092) on outstanding fees 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.

19. 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. As at 30 September 2022 the Company was exposed to foreign exchange risk in relation to the following assets and liabilities:

		2022	2021
	Source currency	**£**	£
Cash and cash equivalents	Pound Sterling	**8**	58
Cash and cash equivalents	South African Rand	**893**	-
Trade and other payables	Pound Sterling	**(10,127)**	(7,900)
		(9,226)	(7,842)

At 30 September 2022, the foreign currency exposure of the Company against the measurement currency of US Dollars, principally to Sterling, represented -0.01% of Equity Shareholder's Funds (2021: -0.01%). 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 Pound Sterling/South African Rand 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 £923 (2021: increase/decrease of £784). The sensitivity rate of 10% is regarded as reasonable as this is the approximate volatility of Pound Sterling against the US Dollar during the year.

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

19. FINANCIAL INSTRUMENT RISK FACTORS (continued)

(i) Market risk (continued)

(b) Interest rate risk

Interest rate risk is the risk that the fair value of 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 on interest payable on outstanding future fees. At 30 September 2022, the Company held cash on call accounts of £154,515 (2021: £21,006), which earned interest at a weighted average rate of 0.04% (2021: 0%), and held no long-term deposits (2021: £658,554, which earned interest at a rate of 0.65%). At 30 September 2022, the Company had no outstanding future fees on which interest is payable (2021: £410,921, on which interest at a rate of 0.65% was payable).

Had these balances existed for the whole of the year, the effect on the Statement of Comprehensive Income of an increase of 1.0%/decrease of 0.5% per annum in short term interest rates (2021: increase/decrease of 0.25% per annum) would have been an increase of £1,545/decrease of £25 in total comprehensive income for the year (2021: increase of £672/decrease of £619). 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 Structured Deposit investments are interest-bearing, however they earn interest at a fixed rate and are therefore not subject to interest rate risk.

(c) Price risk

Price risk is the risk that the value of an 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 investments at FVTPL are directly affected by changes in market prices.

Price risk is managed at inception by investing in a combination of financial instruments: one or more holdings 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 bonds acquired is calculated with the intention that the maturing amount of the Structured Deposit 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 approximately 3%. 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 Structured Deposits. Therefore, whilst the Board monitors the performance of the Option and Structured Deposits, 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.

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

	2022	2021
	£	£
Goldman Sachs International Index Option	**12,362,976**	13,295,944
Derivatives at fair value through profit or loss	**(199,859)**	204,394
	12,163,117	13,500,338

19. FINANCIAL INSTRUMENT RISK FACTORS (continued)

(i) Market risk (continued)

(c) Price risk (continued)

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 £6,181,488 (2021: a 50% decrease in the published price of the Option would decrease the Net Asset Value of the Company by £6,647,972, but due to the cap on the Option contract, a 50% increase in the published price of the Option would have increased the Net Asset Value of the Company by £4,154,982). The sensitivity rate of 50% is regarded as reasonable due to the potential volatility of the Euro Stoxx 50 index, to which the Option is linked, magnified by the participation rate of 200% (2021: 200%) 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, fixed deposits, trade and other receivables, available-for-sale investments 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 Structured Deposit instruments provided 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 Structured Deposit 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 that such would be in the best interests of the Company and its shareholders.

In accordance with this policy, the Board and the Investment Advisor have noted that the credit rating of IBL as at 30 September 2022 was BB- (2021: BB-). 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 Structured Deposits prior to their maturity date on 27 April 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 Structured Deposits, 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.

The bonds which underlie the Structured Deposits are held with Absa Group Limited and FirstRand Bank Limited, which have Fitch long-term ratings of BB- and BB- respectively (2021: BB- and BB- respectively). The Option is held with Goldman Sachs International, which has a Fitch long-term rating of A+ (2021: A+). The cash and cash equivalents are held with Investec Bank (Channel Islands) Limited, which has a Fitch long term rating at the year end date of BBB+ (2021: BBB+).

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

19. FINANCIAL INSTRUMENT RISK FACTORS (continued)

(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 total balance of cash on call was £154,515 (2021: £21,006), which is considered by the Board to be sufficient to meet all the Company's short-term obligations.

The following table 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 balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	0-6 months	**6-12 months**	**1-5 years**
2022	**£**	**£**	**£**
Trade and other payables	**26,472**	**25,644**	**-**
Net exposure	**26,472**	**25,644**	**-**

	0-6 months	6-12 months	1-5 years
2021	£	£	£
Trade and other payables	7,900	-	18,692
Net exposure	7,900	-	18,692

(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	**-**	**12,362,976**	**-**	**12,362,976**
Derivative liabilities at fair value through profit or loss	**-**	**(199,859)**	**-**	**(199,859)**
	-	**12,163,117**	**-**	**12,163,117**

19. FINANCIAL INSTRUMENT RISK FACTORS (continued)

(iv) Fair value hierarchy (continued)

2021	Level 1	Level 2	Level 3	Total
	£	£	£	£
Investments at fair value through profit or loss	-	13,295,944	-	13,295,944
Derivative assets at fair value through profit or loss	-	204,394	-	204,394
	-	13,500,338	-	13,500,338

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

20. 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.

21. POST BALANCE SHEET EVENTS

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