OPTIMAL INVESTMENT GROWTH BASKET LIMITED

Report and Financial Statements

For the year ended 30 September 2014

OPTIMAL INVESTMENT GROWTH BASKET LIMITED

REPORT AND FINANCIAL STATEMENTS
CONTENTS

REPORT AND FINANCIAL STATEMENTS
GENERAL INFORMATION

DIRECTORS:	Chris Hickling Janine Lewis David Stephenson
ADMINISTRATOR, SECRETARY AND REGISTRAR:	Praxis Fund Services Limited PO Box 296 Sarnia House Le Truchot St Peter Port Guernsey GY1 4NA
REGISTERED OFFICE:	Sarnia House Le Truchot St Peter Port Guernsey GY1 4NA
AUDITOR:	Saffery Champness PO Box 141 La Tonnelle House Les Banques St Sampson Guernsey GY1 3HS
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 2014

The Directors present their report and the audited financial statements for the year ended 30 September 2014.

Principal Activity

The principal activity of the Company is investment holding.

The Company is a Guernsey authorised closed-ended investment company and is subject to the Authorised Closed-Ended Investment Scheme Rules 2008.

Under the terms of the Company's new prospectus, issued in respect of the rollover of the Company's shares on 18 November 2014, in the absence of a special resolution to extend the life of the Company, the Company's shares will be redeemed and the Company will terminate on 25 November 2014.

Results and Dividends

The profit and loss account is set out on page 7. The Directors do not propose a dividend for the year (2013: £ Nil).

Going concern

At an extraordinary General Meeting of the Company held on 8 August 2014, shareholders approved a special resolution to extend the life of the Company for a further period of four years from the Company's termination date of 18 November 2014. Accordingly, these financial statements have been prepared on a going concern basis.

Directors

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

Chris Hickling

Janine Lewis

David Stephenson

No Director had any beneficial interest in the shares of the Company.

Statement of Directors' Responsibilities

The Directors are responsible for preparing a Directors' Report and the financial statements in acccordance with The Companies (Guernsey) Law, 2008 and applicable regulations.

The Companies (Guernsey) Law, 2008 requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Principles ('UK GAAP').

Under The Companies (Guernsey) Law, 2008 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 the profit or loss of the Company for the year.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on a 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. 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.

Statement of Directors' Responsibilities (continued)

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 UK GAAP and with The Companies (Guernsey) Law, 2008.

Auditor

A resolution to re-appoint Saffery Champness as auditor will be put to the members at the Annual General Meeting.

By Order of the Board

Chris Hickling
Director
9 March 2015

INDEPENDENT AUDITOR'S REPORT
To the members of Optimal Investment Growth Basket Limited

We have audited the financial statements of Optimal Investment Growth Basket Limited (the "Company") for the year ended 30 September 2014, which comprise the Profit and Loss account, Statement of Total Recognised Gains and Losses, Balance Sheet, Reconciliation of Movements in Shareholders' Funds, Cash Flow Statement and related notes. The financial reporting framework that has been applied in their preparation is in accordance with applicable law and United Kingdom Accounting Standards (Generally Accepted Accounting Principles).

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.

Respective responsibilities of Directors and Auditor

As explained more fully in the Statement of Directors' Responsibilities set out on pages 4 and 5, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the United Kingdom Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report of the Directors to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies, we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view;
- are in accordance with Generally Accepted Accounting Principles; and
- comply with The Companies (Guernsey) Law, 2008.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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;
- the financial statements are not in agreement with the accounting records; or
- we have failed to obtain all the information and explanations, which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

SAFFERY CHAMPNESS
CHARTERED ACCOUNTANTS
GUERNSEY
9 March 2015

OPTIMAL INVESTMENT GROWTH BASKET LIMITED

PROFIT AND LOSS ACCOUNT
For the year ended 30 September 2014

	Notes	**Year ended 30/09/2014 £**	Year ended 30/09/2013 £
REVENUE			
Interest income	3	**210**	1,083
GAIN ON INVESTMENTS			
Investments at fair value through profit and loss	4	**1,406,432**	1,775,340
Available-for-sale investments - realised	5	**37,581**	78,823
		1,444,223	1,855,246
OPERATING EXPENSES	6	**(324,989)**	(321,473)
GAIN FOR THE YEAR		**1,119,234**	1,533,773
Earnings per ordinary share			
Basic and diluted earnings per ordinary share	7	**£ 72.26**	£ 97.43

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
For the year ended 30 September 2014

	Notes	**2014 £**	2013 £
GAIN FOR THE YEAR		**1,119,234**	1,533,773
GAIN ON INVESTMENTS			
Available-for-sale investments - unrealised	5	**904,486**	894,998
Recycling of prior year revaluation gains	5	**(35,315)**	(68,718)
TOTAL RECOGNISED GAINS FOR THE YEAR		**1,988,405**	2,360,053

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

The notes on pages 11 to 18 are an integral part of these financial statements.

OPTIMAL INVESTMENT GROWTH BASKET LIMITED

BALANCE SHEET
as at 30 September 2014

	Notes	**2014** £	**2014** £	2013 £	2013 £
FIXED ASSETS					
Investment at fair value through profit and loss	4	**6,141,729**		4,776,337	
Available-for-sale investments	5	**20,822,789**		20,057,461	
			26,964,518		24,833,798
CURRENT ASSETS					
Debtors and prepayments	8	**40,912**		41,801	
Cash at bank		**21,919**		347,798	
		62,831		389,599	
CREDITORS: amounts falling due within one year					
Creditors and accruals	9	**11,483**		6,750	
NET CURRENT ASSETS			**51,348**		382,849
CREDITORS: amounts falling due after one year					
Creditors and accruals			**-**		(6,722)
			27,015,866		25,209,925
CAPITAL AND RESERVES					
Share capital	10		**165**		166
Share premium	11		**17,045,372**		17,227,835
Profit and loss account			**4,010,957**		2,891,723
Revaluation reserve	12		**5,959,372**		5,090,201
EQUITY SHAREHOLDERS' FUNDS			**27,015,866**		25,209,925
Number of fully paid ordinary shares			**15,446.039**		15,553.952
Net Asset Value per ordinary share			**£ 1,749.05**		£ 1,620.81

The financial statements were approved and authorised for issue by the Board on 9 March 2015 and signed on its behalf by:

Chris Hickling
Director

The notes on pages 11 to 18 are an integral part of these financial statements.

OPTIMAL INVESTMENT GROWTH BASKET LIMITED

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS
For the year ended 30 September 2014

	Management Shareholders	Ordinary Shareholders				Total
	Share Capital £	**Share Capital £**	**Share Premium £**	**Profit and Loss Account £**	**Revaluation Reserve £**	**Total £**
At 30 September 2012	10	158	17,626,917	1,357,950	4,263,921	23,248,956
Redemption of shares (see notes 10, 11)	-	(2)	(399,082)	-	-	(399,084)
Net profit for the year	-	-	-	1,533,773	-	1,533,773
Recycling of prior year revaluation gains on investments disposed of during the year (see note 12)	-	-	-	-	(68,718)	(68,718)
Revaluation of available for sale investments (see note 12)	-	-	-	-	894,998	894,998
At 30 September 2013	10	156	17,227,835	2,891,723	5,090,201	25,209,925
Redemption of shares (see notes 10, 11)	-	(1)	(182,463)	-	-	(182,464)
Net profit for the year	-	-	-	1,119,234	-	1,119,234
Recycling of prior year revaluation gains on investments disposed of during the year (see note 12)	-	-	-		(35,315)	(35,315)
Revaluation of available for sale investments (see note 12)	-	-	-	-	904,486	904,486
At 30 September 2014	**10**	**155**	**17,045,372**	**4,010,957**	**5,959,372**	**27,015,866**

The notes on pages 11 to 18 are an integral part of these financial statements.

OPTIMAL INVESTMENT GROWTH BASKET LIMITED

CASH FLOW STATEMENT
For the year ended 30 September 2014

	Notes	**Year ended 30/09/2014 £**	Year ended 30/09/2013 £
RECONCILIATION OF OPERATING GAIN TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES			
Cash flows from operating activities			
Operating gain for the year		**1,119,234**	1,533,773
Less:			
Interest income	3	**(210)**	(1,083)
Adjustments for non-cash items:			
Gain on investments at fair value through profit and loss	4	**(1,406,432)**	(1,775,340)
Gain on available-for-sale investments	5	**(37,581)**	(78,823)
Working capital adjustments:			
Decrease in debtors and prepayments		**687**	1,106
(Decrease)/increase in creditors and accruals		**(1,989)**	1,145
Net cash outflow from operating activities		**(326,291)**	(319,222)
CASH FLOW STATEMENT			
Net cash outflow from operating activities		**(326,291)**	(319,222)
Returns on investments and servicing of finance			
Interest income		**412**	1,520
Capital expenditure and financial investment			
Disposals of investments held at fair value through profit or loss	4	**41,040**	70,609
Disposals of available-for-sale investments	5	**141,424**	323,989
		182,464	394,598
Financing			
Redemptions of ordinary share capital		**(182,464)**	(399,084)
Decrease in cash for the year		**(325,879)**	(322,188)
Cash at the beginning of the year		**347,798**	669,986
Cash at the end of the year		**21,919**	347,798

The notes on pages 11 to 18 are an integral part of these financial statements.

1. 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 Optimal Investment Growth Basket Limited, with domicile in Guernsey, have been prepared in accordance with United Kingdom Generally Accepted Accounting Principles (UK GAAP), and on the historical cost basis, except for the revaluation of investments.

Going concern
At an extraordinary General Meeting of the Company held on 8 August 2014, shareholders approved a special resolution to extend the life of the Company for a further period of four years from the Company's termination date of 18 November 2014. Accordingly, these financial statements have been prepared on a going concern

Foreign exchange
Foreign currency assets and liabilities are translated into Sterling at the rate of exchange ruling on the Balance Sheet date. Foreign currency transactions are translated into Sterling at the rate of exchange ruling on the date of the transaction. Foreign exchange gains and losses are included in the profit and loss statement in the period in which they arise.

Income

Bank interest is credited on an accruals basis.

Investments

The Company's option investments are designated as investments at fair value through profit and loss.

The Company's bond investments are classified as available-for-sale investments.

All investments are measured initially at cost, which is the fair value of whatever was paid to acquire them. Transaction costs are expensed as incurred in the profit and loss account. Investments are derecognised when the rights to receive cash flows from the investments have expired and the Company has transferred substantially all risks and rewards of ownership.

After initial recognition, the Company uses the following measurement bases for its investments:
i) Held-for-trading investments and those so designated at inception: Fair value through profit and loss;

ii) Available-for-sale investments: Fair value through equity.

Fair value is calculated using quoted market prices, independent appraisals, discounted cash flow analysis or other appropriate valuation models at the year end date. Gains arising on the disposal of investments are recognised in the Profit and Loss Account, as are unrealised gains on investments at fair value through profit and loss. Unrealised gains on available-for-sale investments are recognised in the Statement of Total Recognised Gains and Losses. All gains or losses are recognised in the period in which they arise. Prior year revaluation gains on available-for-sale investments disposed of during the year are recycled through the Profit and Loss Account in the period in which the investments are disposed of.

Liquid resources
Cash at bank comprises cash in hand and deposit accounts where monies can be withdrawn without penalty and with no more than 1 day's notice. Deposit accounts that do not satisfy the above criteria are classified as fixed deposits.

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 £600 (£1,200 with effect from calendar year 2015).

2. 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 £25,000 per annum, payable annually in advance until the termination date, the date of compulsory redemption of the ordinary shares. With effect from 18 November 2014, the fee was amended to 0.15% of the Company's funds per annum. In addition the Administrator is entitled to receive interest earned by the Company on the unpaid element of the fees.

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 0.6% per annum of the Company's funds, payable in advance on the first Business Day of each year, until the termination date. In addition the Advisor is entitled to receive interest earned by the Company on the unpaid element of the fees.

Distribution Agreement

Under the Distribution Agreement, the Company has agreed to pay or procure to be paid to the Distributors a fee of 0.7% per annum of the Company's funds payable in advance on the first Business Day of each year, until the termination date. With effect from 18 November 2014, the fee was amended to 0.65% of the Company's funds per annum.

3. INTEREST INCOME

	2014	2013
	£	£
Bank interest receivable	**210**	1,083

4. INVESTMENT AT FAIR VALUE THROUGH PROFIT AND LOSS

	2014	2013
	£	£
Deutsche Bank AG Index Basket Call Option		
Fair value brought forward	**4,776,337**	3,071,606
Disposals during the year	**(41,040)**	(70,609)
Gains on disposals and fair value adjustment for the year	**1,406,432**	1,775,340
Fair value carried forward	**6,141,729**	4,776,337

5. AVAILABLE-FOR-SALE INVESTMENTS

	2014	2013
	£	£
Investec plc Zero Coupon Bond		
Fair value brought forward	**20,057,461**	19,476,347
Disposals during the year	**(141,424)**	(323,989)
Gains on disposals during the year	**37,581**	78,823
Recycling of prior year revaluation gains on disposals during the year	**(35,315)**	(68,718)
Fair value adjustment for the year	**904,486**	894,998
Fair value carried forward	**20,822,789**	20,057,461

6. OPERATING EXPENSES

	2014	2013
	£	£
Administration fees	**25,287**	25,287
Auditor's remuneration	**11,950**	6,750
Distribution fees	**146,695**	149,414
GFSC Licence fees	**3,165**	3,148
Investment advisory fees	**126,686**	129,016
Listing fees	**1,595**	1,583
Sponsorship fees	**2,203**	2,264
Statutory fees	**1,100**	1,100
Legal & professional fees	**6,285**	-
Interest payable	**(1,989)**	395
Sundry expenses	**2,012**	2,516
	324,989	321,473

7. EARNINGS PER ORDINARY SHARE

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

	2014	2013
Earnings attributable to ordinary shares:	£	£
Earnings for purpose of basic and diluted earnings per share being profit for the year attributable to ordinary shareholders	**1,119,234**	1,533,773
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	**15,489**	15,743
Earnings per ordinary share	**72.26**	97.43

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.

8. DEBTORS AND PREPAYMENTS

	2014	2013
	£	£
Bank interest receivable	**17**	219
Prepaid administration fees	**3,288**	3,288
Prepaid distributor fees	**19,249**	19,567
Prepaid investment advisory fees	**16,624**	16,896
Other prepayments	**1,734**	1,831
	40,912	41,801

9. CREDITORS AND ACCRUALS

	2014	2013
	£	£
Due within one year		
Audit fees	**6,750**	6,750
Interest payable	**4,733**	-
	11,483	6,750
Due after more than one year		
Interest payable	**-**	6,722

10. SHARE CAPITAL

	2014	2013
	£	£
Authorised:		
10 management shares of £1 each	**10**	10
999,000 ordinary shares of £0.01 per share	**9,990**	9,990
	10,000	10,000

	2014	2013
	£	£
Issued and fully paid:		
10 management shares of £1 each (2013: 10 shares)	**10**	10
15,446 ordinary shares of £0.01 each (2013: 15,554 shares)	**155**	156
	165	166

During the year 107.913 ordinary shares were redeemed at a price of £1,690.84 per share. Subsequent to the year end, on 18 November 2014, 6,004.533 shares were redeemed and a further 10,636.778 shares were issued at a price of £1,733.01 per share.

Ordinary shares are entitled to 1 vote each at a general meeting of the company. Ordinary 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 13) 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.

11. SHARE PREMIUM

	2014	2013
	£	£
Balance brought forward	**17,227,835**	17,626,917
Ordinary shares redeemed	**(182,463)**	(399,082)
Balance carried forward	**17,045,372**	17,227,835

12. REVALUATION RESERVE

	2014	2013
	£	£
Balance brought forward	**5,090,201**	4,263,921
Revaluation of available-for-sale investments in the period (see note 5)	**904,486**	894,998
Recycling of prior year revaluation gains	**(35,315)**	(68,718)
Balance carried forward	**5,959,372**	5,090,201

13. ULTIMATE CONTROLLING PARTY & RELATED PARTY TRANSACTIONS

The company's immediate controlling party is Praxis Trust Limited, as trustees of The Basket Trust, and the ultimate controlling party is Praxis Holdings Limited, a company incorporated in Guernsey.

Praxis Fund Services Limited ('PFSL') is deemed to be a related party, as Janine Lewis is a Director of the Company and a director of and shareholder in PFSL; Chris Hickling is a Director of the Company and a shareholder in PFSL; and David Stephenson is a Director of the Company and an employee of PFSL. During the year PFSL received £25,287 (2013: £25,287) for their services as administrator. At the year end date administration fees of £3,288 had been paid to PFSL in advance (2013: £3,288).

14. FINANCIAL INSTRUMENT RISK FACTORS

The Company is exposed to market risk, credit risk and liquidity risk from the financial instruments it holds. The risk management policies employed by the Company to manage these risks are discussed below:

(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 measurement currency. The Company is not materially exposed to foreign exchange risk as most transactions are in Sterling. The Company's management monitors exchange rate fluctuations on an ongoing basis.

The Company had no material currency exposures as at 30 September 2014 or 30 September 2013.

(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 as it invests cash and bank balances at short term interest rates. At 30 September 2014, the Company had cash on a call account of £21,919 (2013: £347,798). This cash earns interest at floating rates.

The available-for-sale investments are exposed to fair value interest rate risk. However, whilst changes in market interest rates may give rise to short-term fluctuations in fair value, if the bonds are held to maturity their maturity value is fixed and therefore not subject to interest rate risk.

The Company had no other interest rate exposures as at either 30 September 2014 or 30 September 2013.

14. FINANCIAL INSTRUMENT RISK FACTORS (continued)

(i) Market risk (continued

(c) Price risk (continued)

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 investments at fair value through profit and loss are directly affected by changes in market prices.

Price risk is managed by investing in an index basket call option on a basket of indices, with an international bank, Deutsche Bank AG. The bank has a Fitch long-term credit rating of A+ (2013: A+).

Price risk is also managed by investing in a zero coupon bond, with an international bank, Investec Bank plc. The bank has a long-term Fitch credit rating of BBB- (2013: BBB-).

The investments at fair value through profit and loss and available-for-sale investments expose the Company to price risk. The details are as follows:

	2014	2013
	£	£
Deutsche Bank AG index basket call option	**6,141,729**	4,776,337
Investec Bank plc zero coupon bond	**20,822,789**	20,057,461
	26,964,518	24,833,798

A 10 per cent increase/decrease in the value of the investments at fair value through profit and loss at 30 September 2014 would have increased/decreased the Net Asset Value of the Company by £614,173 (2013: £477,634).

A 3 per cent increase/decrease in the value of the available-for-sale investments at 30 September 2014 would have increased/decreased the Net Asset Value of the Company by £624,684 (2013: £601,724).

(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, debtors, available-for-sale investments and investments at fair value through profit and loss. 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 aims to manage credit risk by holding its securities and cash assets with reputable banking institutions with an investment grade long-term credit rating, ie a Fitch rating in the range AAA+ to BBB-. In the event of any downgrading in the long-term credit rating of any issuer below this level, the Company in its 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. The Directors would only seek to sell the relevant securities or transfer cash if they consider on the advice of the investment advisor that such would be in the best interests of the Company and its shareholders.

The Company monitors the creditworthiness of its counterparties on an ongoing basis.

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

The available-for-sale investments are held with Investec Bank plc, which has a Fitch long term rating of BBB- (2013: BBB-). The investments at fair value through profit and loss are held with Deutsche Bank AG, which has a Fitch long-term rating of A+ (2013: A+).

14. 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 every quarter and ensures that sufficient monies are held on call account to meet its short term obligations. At 30 September 2014 the cash on call was £21,919 which is considered by the Board to be sufficient to meet all 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.

30 September 2014	**Less than 6 months** £	**6-12 months** £	**1-5 years** £
Creditors and accruals	**11,483**	-	**-**
Net exposure	**11,483**	-	**-**

30 September 2013	Less than 6 months £	6-12 months £	1-5 years £
Creditors and accruals	6,750	**-**	6,722
Total exposure	6,750	**-**	6,722

(iv) Fair value hierarchy

The table below 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 (ie as prices) or indirectly (ie derived from prices);
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

30 September 2014	**Level 1** £	**Level 2** £	**Level 3** £	**Total** £
Investments at fair value through profit and loss	**-**	**6,141,729**	**-**	**6,141,729**
Available-for-sale investments	**-**	**20,822,789**	**-**	**20,822,789**
	-	**26,964,518**	**-**	**26,964,518**

14. FINANCIAL INSTRUMENT RISK FACTORS (continued)

(iv) Fair value hierarchy (continued)

30 September 2013	Level 1	Level 2	Level 3	Total
	£	£	£	£
Investments at fair value through profit and loss	-	4,776,337	-	4,776,337
Available-for-sale investments	-	20,057,461	-	20,057,461
	-	24,833,798	-	24,833,798

(v) 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 monitor forecast and actual cash flows and match the maturity profiles of assets and liabilities. The Company has no external borrowings.

15. POST BALANCE SHEET EVENTS

At an extraordinary General Meeting of the Company held on 8 August 2014, shareholders approved a special resolution to extend the life of the Company for a further period of four years from the Company's termination date of 18 November 2014. Accordingly, on 18 November 2014, a further 10,636.778 shares were issued and 6,004.533 of the Company's existing shares were redeemed at a price of £1,733.01 per share.