BRITANNIC OPPORTUNITIES LIMITED

Report and Financial Statements

For the period from incorporation on 18 December 2013 to 30 September 2014

BRITANNIC OPPORTUNITIES LIMITED

REPORT AND FINANCIAL STATEMENTS
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DIRECTORS:	C Hickling J Lewis D Stephenson
ADMINISTRATOR, SECRETARY AND REGISTRAR:	Praxis Fund Services Limited PO Box 296 Sarnia House Le Truchot St Peter Port Guernsey GY1 4NA
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 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:	57717

REPORT OF THE DIRECTORS
For the period from incorporation on 18 December 2013 to 30 September 2014

The Directors present their report and the audited financial statements ("the financial statements") for the period from incorporation on 18 December 2013 to 30 September 2014.

Principal Activity

The principal activity of the Company is investment holding.

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

Results and Dividends

The statement of comprehensive income is set out on page 7. The Directors do not propose a dividend for the period.

Directors

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

C Hickling (appointed 18 December 2013)

J Lewis (appointed 18 December 2013)

D Stephenson (appointed 18 December 2013)

No Director has a beneficial interest in the shares of the Company.

Statement of Directors' Responsibilities

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company, for safeguarding the assets of the Company, for taking reasonable steps for the prevention and detection of fraud and other irregularities and for the preparation of a Directors' Report, which complies with the requirements of The Companies (Guernsey) Law, 2008.

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with The Companies (Guernsey) Law, 2008. The Directors have chosen to prepare financial statements for the Company in accordance with International Financial Reporting Standards (IFRSs).

International Accounting Standard 1 requires that financial statements present fairly for each financial year the Company's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and presentation of financial statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRSs. A fair presentation also requires the Directors to:

- consistently select and apply appropriate accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information; and
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance.

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

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; and
- 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.
- the financial statements give a true and fair view and have been prepared in accordance with International Financial Reporting Standards and with The Companies (Guernsey) Law, 2008 and the Protection of Investors (Bailiwick of Guernsey) Law, 1987.

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

Janine Lewis
Director
25 March 2015

INDEPENDENT AUDITOR'S REPORT
To the members of Britannic Opportunities Limited

We have audited the financial statements of Britannic Opportunities Limited for the period ended 30 September 2014, which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards.

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 financial statements

In our opinion the financial statements:

- give a true and fair view
- are in accordance with International Financial Reporting Standards; 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
25 March 2015

BRITANNIC OPPORTUNITIES LIMITED

STATEMENT OF COMPREHENSIVE INCOME
For the period from incorporation on 18 December 2013 to 30 September 2014

	Notes	2014 £
REVENUE		
Interest income	5	**5,102**
LOSS ON INVESTMENTS		
Investments at fair value through profit and loss	6	**(799,346)**
		(794,244)
Operating expenses	8	**(149,098)**
LOSS FOR THE PERIOD		**(943,342)**
Loss per share		
Basic and diluted loss per ordinary share	9	**GBP (24.38)**
OTHER COMPREHENSIVE INCOME		
Unrealised gain on available-for-sale investment	7	**448,699**
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		**(494,643)**

The notes on pages 11 to 19 are an integral part of these financial statements.

BRITANNIC OPPORTUNITIES LIMITED

STATEMENT OF FINANCIAL POSITION
As at 30 September 2014

	Notes	2014 £
NON-CURRENT ASSETS		
Investments at fair value through profit and loss	6	**5,892,350**
Available-for-sale investment	7	**29,356,147**
		35,248,497
CURRENT ASSETS		
Trade and other receivables	10	**450,582**
Fixed deposits		**2,400,163**
Cash and cash equivalents		**152,121**
		3,002,866
CURRENT LIABILITIES		
Trade and other payables	11	**(84,133)**
NET CURRENT ASSETS		**2,918,733**
NON-CURRENT LIABILITIES		
Trade and other payables	11	**(2,199)**
		38,165,031
CAPITAL AND RESERVES		
Share capital	12	**388**
Share premium	13	**38,659,286**
Retained earnings		**(943,342)**
Revaluation reserve	14	**448,699**
EQUITY SHAREHOLDERS' FUNDS		**38,165,031**
Number of fully paid Ordinary shares of £ 0.01 each		**38,691.03**
Net Asset Value per Ordinary Share		**GBP 986.41**

The financial statements were approved and authorised for issue by the Board on 25 March 2015 and signed on its behalf by:

Janine Lewis
Director

The notes on pages 11 to 19 are an integral part of these financial statements.

BRITANNIC OPPORTUNITIES LIMITED

STATEMENT OF CHANGES IN EQUITY
For the period from incorporation on 18 December 2013 to 30 September 2014

	Management Shareholders	Ordinary Shareholders				Total
	Share Capital £	Share Capital £	Share Premium £	Retained Earnings £	Revaluation reserve £	Total £
Shares issued (see notes 12,13)	**1**	**387**	**38,690,678**	**-**	**-**	**38,691,066**
Formation costs (see note 13)	**-**	**-**	**(31,392)**	**-**	**-**	**(31,392)**
Net loss for the period	**-**	**-**	**-**	**(943,342)**	**-**	**(943,342)**
Revaluation of available-for-sale investments (see notes 7,14)	**-**	**-**	**-**	**-**	**448,699**	**448,699**
At 30 September 2014	**1**	**387**	**38,659,286**	**(943,342)**	**448,699**	**38,165,031**

The notes on pages 11 to 19 are an integral part of these financial statements.

BRITANNIC OPPORTUNITIES LIMITED

STATEMENT OF CASH FLOWS
For the period from incorporation on 18 December 2013 to 30 September 2014

	Notes	2014 £
Operating loss for the period		**(943,342)**
Adjustments for:		
Interest income	5	**(5,102)**
Loss on investments at fair value through profit and loss	6	**799,346**
Increase in trade and other receivables		**(445,643)**
Increase in trade and other payables		**72,619**
Net cash outflow from operating activities		**(522,122)**
Cash flows from investing activities		
Interest income		**163**
Purchase of investments held at fair value through profit and loss	6	**(6,691,696)**
Purchase of available-for-sale investment	7	**(28,907,448)**
Net cash outflow from investing activities		**(35,598,981)**
Cash flows from financing activities		
Receipts from issue of shares	12,13	**38,691,066**
Capitalised launch costs		**(17,679)**
Net cash inflow from financing activities		**38,673,387**
Management of liquid reserves		
Transfer to fixed deposits		**(2,400,163)**
Increase in cash and cash equivalents for the period		**152,121**
Cash and cash equivalents at the end of the period		**152,121**

The notes on pages 11 to 19 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 Britannic Opportunities Limited, with domicile in Guernsey, have been prepared in accordance with International Financial Reporting Standards ('IFRS').

Going concern
The financial statements have been prepared on a going concern basis.

New, revised and amended standards and interpretations not yet adopted
At the date of authorisation of these Financial Statements, the following standards and interpretations, which have not been applied in these Financial Statements, were in issue but not yet effective:

- IAS 27 (amended), "Separate Financial Statements" (various amendments effective for periods commencing on or after 1 January 2014 and 1 January 2016);
- IAS 28 (amended), "Investments in Associates and Joint Ventures" (effective for periods commencing on or after 1 January 2016);
- IAS 32 (amended), "Financial Instruments: Presentation" (effective for periods commencing on or after 1 January 2014);
- IFRS 7 (amended), "Financial Instruments: Disclosures" (effective for periods commencing on or after 1 January 2015);
- IFRS 9, "Financial Instruments - Classification and Measurement" (effective for periods commencing on or after 1 January 2018);
- IFRS 10 (amended), "Consolidated Financial Statements" (various amendments effective for periods commencing on or after 1 January 2014 and 1 January 2016);
- IFRS 11 (amended), "Joint arrangements" (effective for periods commencing on or after 1 January 2016);
- IFRS 14, "Regulatory Deferral Accounts" (effective for periods commencing on or after 1 January 2016);
- IFRS 15, "Revenue from Contracts with Customers" (effective for periods commencing on or after 1 January 2016).

In addition the IASB has completed its Annual Improvements 2010-2012 Cycle, Annual Improvements 2011-2013 Cycle and September 2014 Annual Improvements projects. These projects will amend a number of existing standards and interpretations effective for accounting periods commencing on or after 1 July 2014 and 1 January 2016.

The Directors believe that none of these standards and interpretations will have an effect on the financial statements of the Company, with the exception of IFRS 9 “Financial Instruments – Classification and Measurement” which is not expected to significantly affect the financial position of the Company but may require additional disclosure in future financial statements.

Revenue recognition
Revenue includes bank interest and other income and is recognised when it is probable that the economic benefits associated with the transaction will flow to the Company and the revenue can be measured reliably. Revenues are accounted for on an accruals basis.

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.

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Investments

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

The Company's structured deposit investment is classified as an available-for-sale investment.

All investments are measured initially at cost, which is the fair value of whatever was paid to acquire them. Transaction costs relating to the acquisition of investments at fair value through profit or loss are expensed as incurred in the Statement of Comprehensive Income. Transaction costs relating to the acquisition of available-for-sale investments are capitalised. 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.

After initial recognition, the Company uses the following measurement basis 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 Statement of Comprehensive Income, as are unrealised gains on investments at fair value through profit and loss. Unrealised gains on available-for-sale investments are recognised in Other Comprehensive Income. 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 Statement of Comprehensive Income 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.

Trade and other receivables

Trade receivables are stated at amortised cost less any impairment.

Trade payables

Trade payables are stated at amortised cost less an allowance for non-recovery where there is evidence of impairment.

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 1 January 2015).

2. 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.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

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 most critical judgements that management has made in the process of applying the accounting policies and that have the most significant effect on the amounts recognised in the financial statements are related to the carrying value of the available-for-sale investment and the investments designated to be at fair value through profit or loss (see note 1).

4. 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 0.15% 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 0.5% of the value of the redemption). This fee is payable annually in advance each year until the termination date, the date of compulsory redemption of the ordinary shares. 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 0.65% 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 0.5% of the value of the redemption). This fee is payable annually in advance each year until the termination date, the date of compulsory redemption of the ordinary shares. 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 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), payable in advance on the first Business Day of each year, until the Termination Date.

5. INTEREST INCOME

	2014
	£
Bank interest	5,102

6. INVESTMENTS AT FAIR VALUE THROUGH PROFIT AND LOSS

	2014
	£
BNP Paribas FTSE 100 Option	
Purchases during the period	4,011,157
Fair value adjustment for the period	(477,451)
Fair value carried forward	3,533,706

6. INVESTMENTS AT FAIR VALUE THROUGH PROFIT AND LOSS (CONTINUED)

	2014
	£
JP Morgan Securities FTSE 100 Option	
Purchases during the period	**2,680,539**
Fair value adjustment for the period	**(321,895)**
Fair value carried forward	**2,358,644**

7. AVAILABLE-FOR-SALE INVESTMENT

	2014
	£
Investec Bank Limited Structured Deposit	
Purchased during the period	**28,907,448**
Fair value adjustment for the period	**448,699**
Fair value carried forward	**29,356,147**

8. OPERATING EXPENSES

	2014
	£
Distributors' fees	**62,746**
Investment advisory fees	**58,566**
Administration fees	**13,516**
Audit fee	**6,750**
Guernsey Financial Services Commission licence fees	**1,318**
Listing & sponsorship fees	**1,301**
Statutory fees	**449**
Professional indemnity insurance	**442**
Interest payable	**2,199**
Sundry expenses	**1,811**
	149,098

9. LOSS PER ORDINARY SHARE

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

	2014
Loss attributable to ordinary shares:	£
Loss for purpose of calculation of basic and diluted loss per share being loss for the period attributable to ordinary shareholders	**(943,342)**
Number of shares:	
Weighted average number of ordinary shares for the purpose of basic loss per share	**38,691.03**
Loss per share attributable to ordinary shares	**GBP (24.38)**

During the period 38,691.03 ordinary shares were issued.

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

10. TRADE AND OTHER RECEIVABLES

	2014
	£
Bank interest receivable	4,939
Prepaid administration fees	44,521
Prepaid distributors' fees	206,691
Prepaid investment advisory fees	192,925
Other debtors and prepayments	1,506
	450,582

11. TRADE AND OTHER PAYABLES

	2014
	£
Current	
Audit fee	6,750
Distributors' fees	62,425
Professional indemnity insurance fee	442
Launch fees	13,713
Listing fee	803
	84,133
Non-current	
Interest payable	2,199

12. SHARE CAPITAL

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

	2014
	£
Issued:	
1 management share of GBP 1 each	1
38,691.03 ordinary shares of GBP 0.01 each	387
	388

38,691.03 ordinary shares of £0.01 each were issued at a price of £1,000 per share. 1 management share of £1 was issued at a price of £1 per share.

Ordinary shares are entitled to 1 vote each at a general meeting of the Company. The Ordinary shares may be compulsorily redeemed on the termination date, 11 July 2019. 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.

13. SHARE PREMIUM

	2014
	£
Ordinary shares issued during the period	**38,690,678**
Capitalised launch costs	**(31,392)**
Balance carried forward	**38,659,286**

14. REVALUATION RESERVE

	2014
	£
Revaluation of available-for-sale investment in the period	**448,699**
Balance carried forward	**448,699**

15. ULTIMATE CONTROLLING PARTY AND RELATED PARTY TRANSACTIONS

The Company has no ultimate controlling party at the year end date.

Praxis Fund Services Limited ('PFSL') is deemed to be a related party, as Janine Lewis is a director of and shareholder in PFSL; Chris Hickling is a shareholder in PFSL; and David Stephenson is an employee of PFSL. During the period PFSL received £58,567 for their services as administrator. At the period end date administration fees of £44,521 had been paid to PFSL in advance. The administration fee includes the appointment and services of the three above Directors.

Investec Corporate and Institutional Banking, the investment adviser, is a division of Investec Bank Limited, the issuer of the structured deposit purchased by the Company.

16. FINANCIAL INSTRUMENT RISK FACTORS

The Company is exposed to market risk, credit risk, liquidity risk and capital management 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 structured deposit 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:

(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 all of its investments and cash and cash equivalents, and the majority of its transactions, are denominated 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.

16. 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 as it invests cash and bank balances at short term interest rates. At 30 September 2014, the Company held cash on a call account of £152,121, which earns interest at a floating rate, and £2,400,162 on fixed deposit, which currently earns interest at fixed rates between 0.45% and 1.00%.

Had these balances existed for the whole of the period, the effect on the statement of comprehensive income of an increase/decrease in short term interest rates of 0.5% per annum would have been an increase/decrease in the gain/loss for the period of £12,761.

The available-for-sale investment is 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 structured deposit is held to maturity its maturity value is fixed and therefore not subject to interest rate risk.

The Company had no other material interest rate exposures as at 30 September 2014.

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

Price risk is managed by investing in index options with international banks BNP Paribas and JP Morgan. BNP Paribas and JP Morgan have Fitch long-term credit ratings of A+ .

Price risk is managed by investing in a structured deposit with an international bank, Investec Bank Limited. Investec Bank Limited has a long-term Fitch credit rating of BBB-.

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

	2014
	£
BNP Paribas FTSE 100 Option	**3,533,706**
JP Morgan Securities FTSE 100 option	**2,358,644**
Investec Bank plc structured deposit	**29,356,147**
	35,248,497

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 £589,235.

A 3 per cent increase/decrease in the value of the available-for-sale investment at 30 September 2014 would have increased/decreased the Net Asset Value of the Company by £880,684.

(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, 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.

16. FINANCIAL INSTRUMENT RISK FACTORS (continued)

(ii) Credit risk (continued)
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 trade and receivables consist of prepayments and there is no credit risk associated with these balances.

The available-for-sale investment is held with Investec Bank Limited, which has a Fitch long-term rating of BBB-. The investments at fair value through profit and loss are held with BNP Paribas and JP Morgan, which both have Fitch long-term ratings of A+.

(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 total balance of cash on call and on short-term deposit was £552,283, 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. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 6 months	6-12 months	1 - 5 years
30 September 2014	**£**	**£**	**£**
Trade and other payables	**84,133**	**-**	**2,199**
Net exposure	**84,133**	**-**	**2,199**

16. FINANCIAL INSTRUMENT RISK FACTORS (continued)

(iv) Fair value hierarchy

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

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (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	-	5,892,350	-	5,892,350
Available-for-sale investment	-	29,356,147	-	29,356,147
	-	35,248,497	-	35,248,497

(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 monitors forecast and actual cash flows and matches the maturity profiles of assets and liabilities. The Company has no external borrowings.

17. POST BALANCE SHEET EVENTS

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