OPTIMAL INVESTMENT GROWTH BASKET LIMITED

Report and Financial Statements

For the year ended 30 September 2015

OPTIMAL INVESTMENT GROWTH BASKET LIMITED

REPORT AND FINANCIAL STATEMENTS
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OPTIMAL INVESTMENT GROWTH BASKET LIMITED

REPORT AND FINANCIAL STATEMENTS
GENERAL INFORMATION

DIRECTORS:	Chris Hickling Janine Lewis David Stephenson
ADMINISTRATOR, SECRETARY AND REGISTRAR:	Praxis Fund Services Limited Sarnia House Le Truchot St Peter Port Guernsey GY1 1GR
REGISTERED OFFICE:	Sarnia House Le Truchot St Peter Port Guernsey GY1 1GR
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 2015

The Directors present their report and the audited financial statements for the year ended 30 September 2015.

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.

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.

Results and Dividends
The Profit and Loss account is set out on page 7. The Directors do not propose a dividend for the year (2014: £ Nil).

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

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.

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

	Total Assets	Total Liabilities	Total Recognised Gains/(Losses)
	£	£	£
Year ended 30 September 2015	33,078,712	13,477	(1,978,462)
Year ended 30 September 2014 (restated*)	27,027,349	11,483	1,988,405
Year ended 30 September 2013	25,223,397	13,472	2,360,053
Year ended 30 September 2012	23,261,283	12,327	1,365,460
Year ended 30 September 2011	22,626,798	6,000	(900,436)

* See note 17

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.

Statement of Directors' Responsibilities (continued)

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.

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, with The Companies (Guernsey) Law, 2008 and with 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
22 March 2016

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 2015, 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
22 March 2016

OPTIMAL INVESTMENT GROWTH BASKET LIMITED

PROFIT AND LOSS ACCOUNT
For the year ended 30 September 2015

	Notes	Year ended 30/09/2015 £	Restated* Year ended 30/09/2014 £
REVENUE			
Interest income	3	**2,013,174**	1,372,584
(LOSS)/GAIN ON INVESTMENTS			
Investments at fair value through profit and loss	4	**(3,411,523)**	1,406,432
Available-for-sale investments - realised	5	**-**	2,226
		(1,398,349)	2,781,242
OPERATING EXPENSES	6	**(491,199)**	(324,989)
(LOSS)/PROFIT FOR THE YEAR		**(1,889,548)**	2,456,253
(Loss)/earnings per ordinary share			
Basic and diluted (loss)/earnings per ordinary share	7	**(97.12)**	158.58

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
For the year ended 30 September 2015

	Notes	2015 £	2014 £
(LOSS)/PROFIT FOR THE YEAR		**(1,889,548)**	2,456,253
LOSS ON INVESTMENTS			
Available-for-sale investments - unrealised	5	**-**	(463,985)
Recycling of prior year revaluation gains	5	**(88,914)**	(3,863)
TOTAL RECOGNISED (LOSSES)/GAINS FOR THE YEAR		**(1,978,462)**	1,988,405

* See note 17

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

The notes on pages 11 to 22 are an integral part of these financial statements.

OPTIMAL INVESTMENT GROWTH BASKET LIMITED

BALANCE SHEET
as at 30 September 2015

	Notes	**2015** £	**2015** £	Restated* 2014 £	Restated* 2014 £
FIXED ASSETS					
Investment at fair value through profit and loss	4	**31,412,587**		6,141,729	
Available-for-sale investments	5	**-**		20,822,789	
			31,412,587		26,964,518
CURRENT ASSETS					
Debtors and prepayments	8	**71,219**		40,912	
Fixed deposits		**1,454,158**		-	
Cash at bank		**140,748**		21,919	
		1,666,125		62,831	
CREDITORS: amounts falling due within one year					
Creditors and accruals	9	**13,477**		11,483	
NET CURRENT ASSETS			**1,652,648**		51,348
NET ASSETS			**33,065,235**		27,015,866
CAPITAL AND RESERVES					
Share capital	10		**210**		165
Share premium	11		**25,073,158**		17,045,372
Profit and loss account			**7,991,867**		9,881,415
Revaluation reserve	12		**-**		88,914
EQUITY SHAREHOLDERS' FUNDS			**33,065,235**		27,015,866
Number of fully paid ordinary shares			**20,078.284**		15,446.039
Net Asset Value per ordinary share			**£ 1,646.82**		£ 1,749.05

* See note 17

The financial statements were approved and authorised for issue by the Board on 22 March 2016 and signed on its behalf by:

Janine Lewis
Director

The notes on pages 11 to 22 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 2015

	Management Shareholders	**Ordinary Shareholders**				**Total**
Restated*	**Share Capital £**	**Share Capital £**	**Share Premium £**	**Profit and Loss Account £**	**Revaluation Reserve £**	**Total £**
At 30 September 2013 (as previously reported)	10	156	17,227,835	2,891,723	5,090,201	25,209,925
Prior year adjustment (see note 17)	-	-	-	4,533,439	(4,533,439)	-
At 30 September 2013 (restated*)	10	156	17,227,835	7,425,162	556,762	25,209,925
Redemption of shares (see notes 10, 11)	-	(1)	(182,463)	-	-	(182,464)
Net profit for the year	-	-	-	2,456,253	-	2,456,253
Recycling of prior year revaluation gains on investments disposed of during the year (see note 12)	-	-	-		(3,863)	(3,863)
Revaluation of available for sale investments (see note 12)	-	-	-	-	(463,985)	(463,985)
At 30 September 2014	10	155	17,045,372	9,881,415	88,914	27,015,866
Redemption of shares (see notes 10, 11)		**(61)**	**(10,405,856)**	**-**	**-**	**(10,405,917)**
Issue of shares (see notes 10, 11)	**-**	**106**	**18,433,642**	**-**	**-**	**18,433,748**
Net loss for the year	**-**	**-**	**-**	**(1,889,548)**	**-**	**(1,889,548)**
Recycling of prior year revaluation gains on investments disposed of during the year (see note 12)	**-**	**-**	**-**		**(88,914)**	**(88,914)**
At 30 September 2015	**10**	**200**	**25,073,158**	**7,991,867**	**-**	**33,065,235**

* See note 17

The notes on pages 11 to 22 are an integral part of these financial statements.

OPTIMAL INVESTMENT GROWTH BASKET LIMITED

CASH FLOW STATEMENT
For the year ended 30 September 2015

	Notes	**Year ended 30/09/2015 £**	Restated* Year ended 30/09/2014 £
RECONCILIATION OF OPERATING GAIN TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES			
Cash flows from operating activities			
Operating (loss)/profit for the year		**(1,889,548)**	2,456,253
Less:			
Interest income	3	**(2,013,174)**	(1,372,584)
Adjustments for non-cash items:			
Loss/(gain) on investments at fair value through profit and loss	4	**3,411,523**	(1,406,432)
Gain on available-for-sale investments	5	**-**	(2,226)
Working capital adjustments:			
(Increase)/decrease in debtors and prepayments		**(24,436)**	687
Increase/(decrease) in creditors and accruals		**1,994**	(1,989)
Net cash outflow from operating activities		**(513,641)**	(326,291)
CASH FLOW STATEMENT			
Net cash outflow from operating activities		**(513,641)**	(326,291)
Returns on investments and servicing of finance			
Interest income		**5,860**	412
Capital expenditure and financial investment			
Disposals of investments held at fair value through profit or loss	4	**5,828,720**	41,040
Acquisitions of investments held at fair value through profit or loss		**(4,613,946)**	-
Disposals of available-for-sale investments	5	**20,922,589**	141,424
Acquisitions of investments held at fair value through profit or loss		**(28,084,426)**	-
Transfer to fixed deposits		**(1,454,158)**	-
Net cash (outflow)/inflow from investing activities		**(7,401,221)**	182,464
Financing			
Issue of ordinary share capital		**18,433,748**	-
Redemption of ordinary share capital		**(10,405,917)**	(182,464)
Net cash inflow/(outflow) from financing activities		**8,027,831**	(182,464)
Increase/(decrease) in cash for the year		**118,829**	(325,879)
Cash at the beginning of the year		**21,919**	347,798
Cash at the end of the year		**140,748**	21,919

* See note 17

The notes on pages 11 to 22 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
These financial statements have been prepared on a going concern basis, 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.

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.

Revenue
Revenue includes 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. Interest and other revenues are accounted for on an accruals basis.

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

Investments
The Company's Option investments are classified as investments at fair value through profit and loss.

The Company's Structured Deposit investment has been designated at inception as an investment at fair value through profit and loss.

The Company's Zero Coupon Bond investment, which was disposed of during the year, was 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 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.

1. PRINCIPAL ACCOUNTING POLICIES (continued)

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.

Debtors
Debtors are stated at amortised cost less any impairment. In the opinion of the Directors, there is no material difference between the carrying value of the debtors and their fair value.

Creditors and accruals
Creditors and accruals are stated at amortised cost. In the opinion of the Directors, there is no material difference between the carrying value of the creditors and accruals and their fair value.

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 (2014: £600).

2. SIGNIFICANT AGREEMENTS

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

Administration, Custodian and Secretarial Agreement
Until 18 November 2014, under the Administration, Custodian and Secretarial Agreement, the Company 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. With effect from 18 November 2014, the fee was amended to 0.15% of the Company's funds per annum (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). In addition the Administrator is entitled to receive interest earned by the Company on the unpaid element of the fees. See notes 6 and 8 for details of administration fees 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 0.6% 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). In addition the Advisor is entitled to receive interest earned by the Company on the unpaid element of the fees. See notes 6 and 8 for details of investment advisory fees paid in the year and balances outstanding at the year end. The Investment Advisor, Investec Corporate and Institutional Banking, is a division of Investec Bank Limited, the issuer of the Company's Structured Deposit.

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), or holders of existing issued Ordinary Shares introduced by the Distributor and who elect to remain invested in the Company (as reduced by any redemptions of such Ordinary Shares prior to the Redemption Date). With effect from 18 November 2014, the fee was amended to 0.65% of the Company's funds per annum. Investec Corporate and Institutional Banking, the Company's Investment Advisor, is also a Distributor for the Company. See notes 6 and 8 for details of distribution fees paid in the year and balances outstanding at the year end.

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

3. INTEREST INCOME

	2015	Restated* 2014
	£	£
Structured Deposit interest	**1,812,729**	-
Zero Coupon Bond interest	**188,714**	1,372,374
Bank interest receivable	**11,731**	210
	2,013,174	1,372,584

* See note 17

4. INVESTMENT AT FAIR VALUE THROUGH PROFIT AND LOSS

	2015	2014
	£	£
Deutsche Bank Index Option		
Fair value brought forward	**6,141,729**	4,776,337
Disposals during the year	**(5,828,720)**	(41,040)
(Loss)/gain on disposals and fair value adjustment for the year	**(313,009)**	1,406,432
Fair value carried forward	**-**	6,141,729
Merrill Lynch International Index Option		
Acquisitions during the year	**4,613,946**	-
Loss on fair value adjustment for the year	**(2,680,596)**	-
Fair value carried forward	**1,933,350**	-
Investec Bank Limited Structured Deposit		
Acquisitions during the year	**28,084,426**	-
Interest for the year	**1,812,729**	-
Fair value adjustment for the year	**(417,918)**	-
Fair value carried forward	**29,479,237**	-
Total	**31,412,587**	6,141,729

The Deutsche Bank and Merrill Lynch Index Options (the "Options") are Call Options referenced to the FTSE 100 index.

The Directors have determined the fair value of the Options based on valuations provided by Deutsche Bank and Merrill Lynch International. These valuations are calculated using formulae specified in the Option contracts, which are based on the movements in the closing price of the above index from the issue date of the Option to the reporting date.

The Options have been classified as level 2 investments in the fair value hierarchy.

4. INVESTMENT AT FAIR VALUE THROUGH PROFIT AND LOSS (continued)

The Investec Bank Limited Structured Deposit (the "Structured Deposit") is a hybrid instrument comprising the following components:

- A holding of Investec plc 9.625% bonds maturing in 2022 (the "Investec bonds"). The Investec bonds were purchased in the market, and, in order to guarantee investors' capital protection at the termination date of the Company, their sale proceeds are fixed by means of a Put Option Agreement entered into between the Company and Investec Bank Limited;
- An accreting bank deposit, which commences on the date of the first coupon payment from the Investec bonds, receives all subsequent coupon payments during the life of the Company, and earns interest on a quarterly compounding basis;
- An interest rate swap, which fixes the interest rate on the accreting deposit.

The Directors regard the Structured Deposit as a single financial instrument, the fair value of which is determined according to the following methodologies:

- The capital element of the Investec bonds is measured on an amortising cost basis, apportioning the revaluation on a straight-line basis from the bonds' clean purchase cost to the clean closing value (as determined by the Put Option Agreement) over the life of the Company. Interest on the Investec bonds is calculated on an accruals basis;
- The value of the accreting deposit is determined as the balance of the deposit plus accrued interest;
- The interest rate swap is measured at its mark-to-market value, based on valuations provided by the swap issuer.

The Structured Deposit has been classified as a level 2 investment in the fair value hierarchy, as the main constituents of the product, being interest on the Investec bonds and interest on the accreting deposit account, have observable inputs.

5. AVAILABLE-FOR-SALE INVESTMENTS

	2015	Restated* 2014
	£	£
Investec plc Zero Coupon Bond		
Fair value brought forward	**20,822,789**	20,057,461
Disposals during the year	**(20,922,589)**	(141,424)
Gains on disposals during the year	**-**	2,226
Interest for the year	**188,714**	1,372,374
Recycling of prior year revaluation gains on disposals during the year	**(88,914)**	(3,863)
Fair value adjustment for the year	**-**	(463,985)
Fair value carried forward	**-**	20,822,789

* See note 17

The Directors determined the fair value of the Zero Coupon Bonds based on valuations provided by Investec plc. These valuations are calculated on a discounted cash flow basis, taking into account prevailing interest rates at the date of valuation.

The Zero Coupon Bonds were classified as level 2 investments in the fair value hierarchy.

6. OPERATING EXPENSES

	2015	2014
	£	£
Administration fees	**55,447**	25,287
Auditor's remuneration	**8,100**	11,950
Distribution fees	**210,809**	146,695
GFSC Licence fees	**3,195**	3,165
Investment advisory fees	**197,944**	126,686
Listing fees	**1,592**	1,595
Sponsorship fees	**2,275**	2,203
Statutory fees	**1,549**	1,100
Legal & professional fees	**-**	6,285
Interest payable	**6,727**	(1,989)
Sundry expenses	**3,561**	2,012
	491,199	324,989

7. (LOSS)/EARNINGS PER ORDINARY SHARE

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

		Restated*
(Loss)/earnings attributable to Ordinary shares:	**2015**	2014
(Loss)/earnings for purpose of basic and diluted earnings per share being profit for the year attributable to Ordinary shareholders	**£(1,889,548)**	£2,456,253
Number of shares:		
Weighted average number of Ordinary shares for the purpose of basic and diluted (loss)/earnings per share	**19,456**	15,489
(Loss)/earnings per Ordinary share	**£(97.12)**	£158.58

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.

* See note 17

8. DEBTORS AND PREPAYMENTS

	2015	2014
	£	£
Bank interest receivable	**5,888**	17
Prepaid administration fees	**6,864**	3,288
Prepaid distributor fees	**29,006**	19,249
Prepaid investment advisory fees	**27,455**	16,624
Sundry debtors	**150**	-
Other prepayments	**1,856**	1,734
	71,219	40,912

9. CREDITORS AND ACCRUALS

	2015	2014
	£	£
Due within one year		
Audit fee	**6,750**	6,750
Interest payable	**6,727**	4,733
	13,477	11,483

10. SHARE CAPITAL

	2015	2014
	£	£
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

	2015	2014
	£	£
Issued and fully paid:		
10 Management shares of £1 each	**10**	10
20,078 Ordinary shares of £0.01 each (2014: 15,446 shares)	**200**	155
	210	165

On 18 November 2014, 6,004.533 Ordinary shares were redeemed and a further 10,636.778 Ordinary 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

	2015	2014
	£	£
Balance brought forward	**17,045,372**	17,227,835
Ordinary shares issued	**18,433,642**	-
Ordinary shares redeemed	**(10,405,856)**	(182,463)
Balance carried forward	**25,073,158**	17,045,372

12. REVALUATION RESERVE

	2015	Restated* 2014
	£	£
Balance brought forward	**88,914**	5,090,201
Prior year adjustment (see note 17)	**-**	(4,533,439)
Revaluation of available-for-sale investments in the period (see note 5)	**-**	(463,985)
Recycling of prior year revaluation gains	**(88,914)**	(3,863)
Balance carried forward	**-**	88,914

* See note 17

13. ULTIMATE CONTROLLING PARTY & RELATED PARTY TRANSACTIONS

The immediate controlling party at the year end date is PraxisIFM Trust Limited as trustee of The Basket Trust, which owns the Management shares in the Company, and the ultimate controlling party is PraxisIFM Group Limited ('PGL'), a company incorporated in Guernsey. PGL is also the ultimate controlling party of Praxis Fund Services Limited ('PFSL'), the administrator of the Company.

PFSL is deemed to be a related party, as Janine Lewis is a director of PFSL and a shareholder in Praxis Fund Holdings Limited ('PFHL'), the immediate controlling party of PFSL; Chris Hickling is a shareholder in PFHL; and David Stephenson is an employee of PFSL. During the year PFSL received £55,447 (2014: £25,287) for their services as administrator. At the year end date administration fees of £6,864 had been paid to PFSL in advance (2014: £3,288). At the year end date interest of £1,324 (2014: £Nil) on outstanding fees was payable to PFSL.

14. 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.

(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 2015 or 30 September 2014.

14. FINANCIAL INSTRUMENT RISK FACTORS (continued)

(i) Market risk (continued)

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk as it invests cash and bank balances at short term interest rates. At 30 September 2015, the Company held cash on a call account of £140,747 (2014: £21,919), which earns interest at a floating rate. The company also held £489,159 and £965,000 on fixed deposit (2014: no cash on fixed deposit). Fixed deposits earn interest at an agreed fixed rate over the term of the deposit.

The Structured Deposit investment is and the available-for-sale investment was exposed to fair value interest rate risk, the former in repect of the interest rate swap that forms a part of the instrument. However, whilst changes in market interest rates may give rise to short-term fluctuations in fair value, if these investments 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 2015 or 30 September 2014.

(c) Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market. The Company's investments at fair value through profit and loss are directly affected by changes in market prices.

Price risk is managed at inception by investing in a combination of two financial instruments: a holding of zero coupon bonds (or other structured product with similar characteristics) that will 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 to ensure that the maturing amount will be sufficient to guarantee that all investors who remain in the Company to maturity will at minimum get back the amount that they invested. 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 Deposit. Therefore, whilst the Board monitors the performance of the Option and Structured Deposit, 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 fair value through profit and loss and available-for-sale investments expose the Company to price risk. The details are as follows:

	2015	**2014**
	£	£
Merrill Lynch International Index Option	**-**	6,141,729
Investec Bank plc Zero Coupon Bond	**-**	20,822,789
Deutsche Bank Index Option	**1,933,350**	-
Investec Bank Limited Structured Deposit	**29,479,237**	-
	31,412,587	26,964,518

14. FINANCIAL INSTRUMENT RISK FACTORS (continued)

(i) Market risk (continued)

(c) Price risk (continued)

A 10 per cent increase/decrease in the value of the Option at 30 September 2015 would have increased/decreased the Net Asset Value of the Company by £193,335 (2014: £614,173).

A 3 per cent increase/decrease in the value of the Structured Deposit at 30 September 2015 would have increased/decreased the Net Asset Value of the Company by £845,201 (2014: £624,684 in respect of the Zero Coupon Bond).

(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, i.e. 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 Structured Deposit investment is held with Investec Bank Limited, which has a Fitch long term rating of BBB (2014: Zero Coupon Bond investment held with Investec Bank plc, with a Fitch long-term rating of BBB-). The Option is held with Merrill Lynch International, which has a Fitch long-term rating of A (2014: Deutsche Bank, with a Fitch long-term rating of A+). The cash and cash equivalents are held with Investec Bank (Channel Islands) Limited, which has a Fitch long term rating of BBB (2014: BBB-).

(iii) Liquidity risk

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

The Board reviews the cash resources of the Company on an ongoing basis to ensure that sufficient monies are held on call account to meet the Company's short-term obligations. At 30 September 2015 the cash on call was £140,747 (2014: £21,919), which is considered by the Board to be sufficient to meet all of the Company's short term obligations.

14. FINANCIAL INSTRUMENT RISK FACTORS (continued)

(iii) Liquidity risk (continued)

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.

	Less than 6 months	**6-12 months**	**1-5 years**
30 September 2015	**£**	**£**	**£**
Creditors and accruals	**13,477**	-	**-**
Net exposure	**13,477**	-	**-**

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

(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 (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).

30 September 2015	**Level 1**	**Level 2**	**Level 3**	**Total**
	£	**£**	**£**	**£**
Investments at fair value through profit and loss	**-**	**31,412,587**	**-**	**31,412,587**
	-	**31,412,587**	**-**	**31,412,587**

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

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

15. MANAGEMENT OF CAPITAL

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.

Shareholders may be able to redeem their Ordinary 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.

16. POST BALANCE SHEET EVENTS

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

17. PRIOR YEAR ADJUSTMENT

During the year, it was noted that the Company had previously incorrectly applied certain provisions of FRS 26 "Financial Instruments: Recognition and Measurement" in relation to the recognition of the interest component of the movements in the value of the Company's available-for-sale investment. As a result, the Company has, from inception, recognised the entire movement in value of the available-for-sale investment as a fair value movement through equity, whereas the interest component of this movement, calculated on an effective interest rate basis, should have been recognised separately through profit and loss.

This error has had no effect on the value of the Company's available-for-sale asset, merely the manner in which the movements in value of this asset have been recognised.

The error has been corrected in these financial statements, as a result of which a prior year adjustment of £4,533,439 has been made between the revaluation reserve and the profit and loss account as at the start of the comparative period; and certain comparative period figures in the Profit and Loss account, the Statement of Total Recognised Gains and Losses, the Balance Sheet, the Reconciliation of Movements in Shareholders' Funds, the Cash Flow Statement and the notes to the financial statements have been restated, as detailed in the following tables.

Effect on the Profit and Loss account	Year ended 30 September 2014		
	Originally reported amount	Correction	Restated amount
	£	£	£
Interest income	210	1,372,374	1,372,584
Available-for-sale investments - realised gains	37,581	(35,355)	2,226
Revaluation of available-for-sale investments	904,486	(1,368,471)	(463,985)
Recycling of prior year revaluation gains	(35,315)	31,452	(3,863)
Profit for the year	1,119,234	1,337,019	2,456,253
Basic and diluted earnings per Ordinary share	72.26	86.32	158.58

17. PRIOR YEAR ADJUSTMENT (continued)

Effect on the Balance Sheet

	As at 30 September 2014		
	Originally reported amount	Correction	Restated amount
	£	£	£
Revaluation reserve	5,959,372	(5,870,458)	88,914
Profit and loss account	4,010,957	5,870,458	9,881,415

	As at 30 September 2013		
	Originally reported amount	Correction	Restated amount
	AUD	AUD	AUD
Revaluation reserve	5,090,201	(4,533,439)	556,762
Profit and loss account	2,891,723	4,533,439	7,425,162