CHINA SEAS BASKET LIMITED

Annual Report and Financial Statements

For the year ended 30 September 2023

ANNUAL REPORT AND FINANCIAL STATEMENTS
CONTENTS

CHINA SEAS BASKET LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
GENERAL INFORMATION

DIRECTORS:	J Lewis D Stephenson K Lancaster-King
ADMINISTRATOR, SECRETARY AND REGISTRAR:	Sanne Fund Services (Guernsey) Limited 1 Royal Plaza Royal Avenue St Peter Port Guernsey GY1 2HL
INVESTMENT ADVISER:	Investec Corporate and Institutional Banking 36 Hans Strijdom Avenue Foreshore Cape Town 8001 South Africa
REGISTERED OFFICE:	1 Royal Plaza Royal Avenue St Peter Port Guernsey GY1 2HL
INDEPENDENT AUDITOR:	Grant Thornton Limited St James Place St James Street St Peter Port Guernsey GY1 2NZ
BANKERS:	Investec Bank (Channel Islands) Limited PO Box 188 Glategny Court Glategny Esplanade St Peter Port Guernsey GY1 3LP
COMPANY REGISTRATION NO:	51929

REPORT OF THE DIRECTORS
For the year ended 30 September 2023

The Directors present the annual report and the audited financial statements ("the financial statements") of China Seas Basket Limited ("the Company") for the year ended 30 September 2023.

Principal Activity

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

The Company is a Guernsey Registered closed-ended investment company and is subject to the Registered Collective Investment Scheme Rules 2018. The Company is listed on the Bermuda Stock Exchange.

Going concern

Under the terms of the Company's prospectus, and subject to exercise of the option to redeem on the part of the issuer of the Company's debt investment (the likelihood of which is considered to be high), the life of the Company is due to terminate on 5 June 2024. At an Extraordinary General Meeting of the Company to be held on 14 February 2024, shareholders will be asked to approve a special resolution to extend the life of the Company for a further period from the Company's current termination date, and to authorise the Directors to seek to raise additional capital through a secondary fund raising. Should shareholders not approve the resolution, or should insufficient capital be raised for the proposed new investment term, the Company will terminate on 5 June 2024 and its shares be redeemed. However, in the view of the Directors, the likelihood of the resolution being passed, and of sufficient capital being raised, and therefore the Company continuing in existence beyond 5 June 2024, is extremely strong.

During the year, the war in Ukraine has continued to impact upon financial markets. However, the Board does not consider that there will be any significant impact on the Company's ability to continue as a going concern, for the following reasons:

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

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

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

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

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

Results and Dividends

The Statement of Comprehensive Income is set out on page 10. The Directors do not propose a dividend for the year (2022: Nil).

Directors

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

Janine Lewis
David Stephenson
Keri Lancaster-King

Directors' and Other Interests

Janine Lewis is a Director of the Company and a director of Sanne Fund Services (Guernsey) Limited ("SFSGL"), the Company's Administrator, Secretary, Custodian and Registrar, David Stephenson is a Director of the Company and an employee of SFSGL and Keri Lancaster-King is a Director of the Company and a director of SFSGL.

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

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

Details of fees paid to SFSGL and ICIB during the year are contained in notes 5, 10 and 18 to these Financial Statements.

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

Historical Results

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

	Total Assets	Total Liabilities	Total Comprehensive Income/(Loss)
	AUD	AUD	AUD
Year ended 30 September 2023	113,245,178	(671,071)	11,572,510
Year ended 30 September 2022	101,973,307	(971,710)	6,288,263
Year ended 30 September 2021	94,859,704	(146,370)	12,822,010
Year ended 30 September 2020	82,067,305	(140,032)	(5,355,043)
Year ended 30 September 2019	87,528,435	(82,269)	4,438,260

Investment Portfolio

The Company's investment portfolio comprises the following investments:

	Percentage of portfolio	Cost AUD	Carrying Value AUD
Investec Bank Limited Structured Deposit (underlying bonds issued by Standard Bank Group Limited)	80.6%	69,796,046	90,452,538
Goldman Sachs Call Warrants	19.4%	9,826,779	21,782,282
		79,622,825	112,234,820

Investec Bank Limited, Standard Bank Group Limited and Goldman Sachs are providers of financial services.

Statement of Directors' Responsibilities

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

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

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

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

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with The Companies (Guernsey) Law, 2008 and with The Protection of Investors (Bailiwick of Guernsey) Law, 1987. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors confirm that:

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

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

By Order of the Board

Keri Lancaster-King
Director
26 January 2024

INDEPENDENT AUDITOR'S REPORT

To the members of China Seas Basket Limited

Opinion

We have audited the financial statements of China Seas Basket Limited (the "Company") for the year ended 30 September 2023, which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows , and Notes to the financial statements, including a summary of significant accounting policies. The financial statements framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as issued by the International Standards Board (IASB).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 September 2023 and of its financial performance and its cashflows for the year then ended;
- are in accordance with IFRSs as issued by the IASB; and
- comply with the Companies (Guernsey) Law, 2008.

Basis for opinion

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

Material uncertainty related to going concern

We draw attention to note 2 in the financial statements which states that under the terms of the Company's prospectus, the life of the Company is due to terminate on 5 June 2024. As noted in note 2, these events or conditions, along with the other matters as set forth in note 2, indicate that a material uncertainty exists that may cast significant doubt in the Company's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report and Financial Statements, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities set out on pages 5 and 6, the Directors are responsible for the preparation of the financial statements which give a true and fair view in accordance with IFRSs as issued by the IASB, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

The engagement partner on the audit resulting in this independent auditor's report is Jeremy Ellis.

Use of our report

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

Matters on which we are required to report by exception

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

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

Grant Thornton Limited
Chartered Accountants
St Peter Port
Guernsey

26 January 2024

CHINA SEAS BASKET LIMITED

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 30 September 2023

	Notes	**2023** **AUD**	2022 AUD
INCOME			
Interest income	6	**4,259,615**	3,701,396
GAINS/(LOSSES) ON INVESTMENTS			
Gains/(losses) on investments at fair value through profit and loss	7	**8,814,386**	(7,165,388)
Gains/(losses) on derivatives at fair value through profit and loss	9	**312,098**	(714,496)
		13,386,099	(4,178,488)
Foreign exchange differences		**14,868**	(31,831)
Operating expenses	10	**(1,276,881)**	(1,145,087)
PROFIT/(LOSS) FOR THE YEAR		**12,124,086**	(5,355,406)
OTHER COMPREHENSIVE (LOSS)/INCOME			
Items reclassifiable to profit or loss			
Foreign exchange translation (losses)/gains		**(551,576)**	11,643,669
TOTAL OTHER COMPREHENSIVE (LOSS)/INCOME		**(551,576)**	11,643,669
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**11,572,510**	6,288,263
Earnings/(loss) per ordinary share			
Basic and diluted earnings/(loss) per A Class share	11	**175.42**	(77.49)
Basic and diluted earnings/(loss) per B Class share	11	**175.42**	(77.49)

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

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

CHINA SEAS BASKET LIMITED

STATEMENT OF FINANCIAL POSITION
As at 30 September 2023

	Notes	**2023 AUD**	2022 AUD
NON-CURRENT ASSETS			
Investments at fair value through profit and loss	7	**21,782,282**	12,937,146
Investments at amortised cost	8	**90,452,538**	86,784,983
		112,234,820	99,722,129
CURRENT ASSETS			
Trade and other receivables	12	**822,436**	1,007,387
Unpaid share capital	14	**10**	10
Cash and cash equivalents		**187,912**	1,243,781
		1,010,358	2,251,178
CURRENT LIABILITIES			
Trade and other payables	13	**(54,074)**	(19,220)
NET CURRENT ASSETS		**956,284**	2,231,958
NON-CURRENT LIABILITIES			
Derivatives at fair value through profit and loss	9	**(616,997)**	(940,163)
Trade and other payables	13	**-**	(12,327)
		(616,997)	(952,490)
		112,574,107	101,001,597
CAPITAL AND RESERVES			
Share capital	14	**897**	897
Share premium	15	**79,342,351**	79,342,351
Retained earnings	16	**23,258,726**	11,134,640
Translation reserve	17	**9,972,133**	10,523,709
EQUITY SHAREHOLDERS' FUNDS		**112,574,107**	101,001,597
Number of fully paid A Class shares		**21,814.634**	21,814.634
Number of fully paid B Class shares		**47,300.085**	47,300.085
Net Asset Value per A Class share		**AUD 1,628.80**	AUD 1,461.36
Net Asset Value per B Class share		**USD 1,049.76**	USD 935.13

The financial statements were approved and authorised for issue by the Board on 26 January 2024 and signed on its behalf by:

Keri Lancaster-King
Director

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

CHINA SEAS BASKET LIMITED

STATEMENT OF CHANGES IN EQUITY
For the year ended 30 September 2023

	Management Shareholders	Ordinary Shareholders				Total
	Share capital	**Share capital**	**Share premium**	**Retained earnings**	**Translation reserve**	**Total**
Year ended 30 September 2022	**AUD**	**AUD**	**AUD**	**AUD**	**AUD**	**AUD**
At 30 September 2021	10	887	79,342,351	16,490,046	(1,119,960)	94,713,334
Loss for the year	-	-	-	(5,355,406)	-	(5,355,406)
Other comprehensive income						
Foreign exchange translation gains (note 17)	-	-	-	-	11,643,669	11,643,669
At 30 September 2022	10	887	79,342,351	11,134,640	10,523,709	101,001,597
Year ended 30 September 2023						
At 30 September 2022	**10**	**887**	**79,342,351**	**11,134,640**	**10,523,709**	**101,001,597**
Profit for the year	**-**	**-**	**-**	**12,124,086**	**-**	**12,124,086**
Other comprehensive loss						
Foreign exchange translation losses (note 17)	**-**	**-**	**-**	**-**	**(551,576)**	**(551,576)**
At 30 September 2023	**10**	**887**	**79,342,351**	**23,258,726**	**9,972,133**	**112,574,107**

CHINA SEAS BASKET LIMITED

STATEMENT OF CASH FLOWS
For the year ended 30 September 2023

	Notes	**2023 AUD**	2022 AUD
Cash flows from operating activities			
Profit/(loss) for the year		**12,124,086**	(5,355,406)
Adjustments for:			
Interest income	6	**(4,259,615)**	(3,701,396)
Interest paid	10	**20,681**	7,286
(Gain)/loss on investments at fair value through profit and loss	7	**(8,814,386)**	7,165,388
(Gain)/loss on derivatives at fair value through profit and loss	9	**(312,098)**	714,496
Foreign exchange differences		**(14,868)**	31,831
Decrease/(increase) in trade and other receivables		**180,704**	(109,376)
Increase in trade and other payables		**1,645**	2,630
Net cash outflow from operating activities		**(1,073,851)**	(1,244,547)
Cash flows from investing activities			
Interest income		**35,935**	7,797
Net cash inflow from investing activities		**35,935**	7,797
Net decrease in cash and cash equivalents for the year		**(1,037,916)**	(1,236,750)
Cash and cash equivalents at the beginning of the year		**1,243,781**	2,239,591
Foreign exchange translation (losses)/gains		**(17,953)**	240,940
Cash and cash equivalents at the end of the year		**187,912**	1,243,781

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

1. GENERAL INFORMATION

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

2. PRINCIPAL ACCOUNTING POLICIES

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

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

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

Going concern
Under the terms of the Company's prospectus, and subject to exercise of the option to redeem on the part of the issuer of the Company's debt investment (the likelihood of which is considered to be high), the life of the Company is due to terminate on 5 June 2024. At an Extraordinary General Meeting of the Company to be held early in 2024, shareholders will be asked to approve a special resolution to extend the life of the Company for a further period from the Company's current termination date, and to authorise the Directors to seek to raise additional capital through a secondary fund raising. Should shareholders not approve the resolution, or should insufficient capital be raised for the proposed new investment term, the Company will terminate on 5 June 2024 and its shares be redeemed. However, in the view of the Directors, the likelihood of the resolution being passed, and of sufficient capital being raised, and therefore the Company continuing in existence beyond 5 June 2024, is extremely strong.

During the year, the war in Ukraine has continued to impact upon financial markets. However, the Board does not consider that there will be any significant impact on the Company's ability to continue as a going concern, for the following reasons:

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

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

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

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

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

Adoption of amended standards
The following relevant amended standard has been applied in these Financial Statements:

- IAS 37 (amended), 'Provisions, Contingent Liabilities and Contingent Assets' – (relating to the costs to include when assessing whether a contract is onerous, effective for accounting periods commencing on or after 1 January 2022).

2. PRINCIPAL ACCOUNTING POLICIES (continued)

Adoption of amended standards (continued)

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

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

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

- IAS 1 (amended), 'Presentation of Financial Statements' – (amendments relating to the disclosure of accounting policies, and to the classification of liabilities, effective for accounting periods commencing on or after 1 January 2023 and 1 January 2024 respectively);
- IAS 8 (amended), 'Accounting Policies, Changes in Accounting Estimates and Errors' – (clarifying how companies should distinguish changes in accounting policies from changes in accounting estimates, effective for accounting periods commencing on or after 1 January 2023); and

The International Sustainability Standards Board ("ISSB") published the following Sustainability Disclosure Standards in June 2023, effective for accounting periods commencing on or after 1 January 2024:

- IFRS S1, 'General requirements for Disclosure of Sustainability-related Financial Information'; and
- IFRS S2, 'Climate-related Disclosures'.

The purpose of both standards is to provide information that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity.

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

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

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

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

(ii) To invest in one or more options linked to a basket of indices, in order to provide investors with a potential upside on their investment. Under the terms of IFRS 9, the options are automatically classified as investments at FVTPL.

Financial assets - recognition and subsequent measurement
Purchased financial assets are recognised on trade date, being the date on which the Company irrevocably commits to purchase the asset.

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

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

2. PRINCIPAL ACCOUNTING POLICIES (continued)

Financial assets - recognition and subsequent measurement (continued)

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

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

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

Liquid resources

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

Trade and other receivables

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

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

Financial liabilities

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

Interest income

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

Foreign exchange

Items included in the financial statements of the Company are measured in the currency of the primary economic environment in which the Company operates (the "functional currency"). The Directors have determined that the functional currency of the Company is US Dollars, as it is the currency in which the Company's investments are denominated, the majority of the Company's capital has been raised and in which the majority of the Company's expenses are incurred. For consistency with previous years, the Directors have selected Australian Dollars as the presentation currency of the Company.

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

Expenses

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

2. PRINCIPAL ACCOUNTING POLICIES (continued)

Taxation
The Company is exempt from Guernsey income tax under the Income Tax (Exempt Bodies) (Guernsey) Ordinance 1989 and is charged an annual exemption fee of £1,200 (2022: £1,200).

3. SEGMENT REPORTING

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

The areas involving significant estimates or judgements are:

- Classification of and subsequent measurement basis of financial instruments – see note 2 (Financial assets – classification);
- Determination of the functional currency - see note 2 (Foreign exchange);
- Estimated fair value of financial assets measured at FVTPL – see note 7; and
- Impairment of financial assets measured at amortised cost - see notes 8 and 12.

5. SIGNIFICANT AGREEMENTS

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

Administration, Custodian and Secretarial
Under the Administration, Custodian and Secretarial Agreement, the Company has agreed to pay or procure to be paid to the Administrator, for its services as administrator, secretary, custodian and registrar, a fee of 0.11% (2022: 0.11%) per annum of the Company's funds thereafter (as reduced by any redemptions of Ordinary Shares prior to the Redemption Date). In addition, the Administrator is entitled to receive interest earned by the Company on the unpaid element of the fees due to the date of termination. See notes 10, 12 and 18 for details of administration fees and interest paid in the year and balances outstanding at the year end.

Investment Advisory Agreement
Under the Investment Advisory Agreement, the Company has agreed to pay or procure to be paid to the Investment Advisor, for its services as Investment Advisor, a fee of 0.6% (2022: 0.6%) per annum of the Company's funds (as reduced by any redemptions of Ordinary Shares prior to the Redemption Date). In addition the Investment Advisor is entitled to receive interest earned by the Company on the unpaid element of the fees due to the date of termination. The Investment Advisor, Investec Corporate and Institutional Banking, is a part of the same global group of companies as Investec Bank Limited, the issuer of the Company's Structured Deposit. See notes 10, 12 and 18 for details of investment advisory fees and interest paid in the year and balances outstanding at the year end.

5. SIGNIFICANT AGREEMENTS (continued)

Distribution Agreement

Under the Distribution Agreement, the Company has agreed to pay or procure to be paid to the Distributors a fee of 0.6% (2022: 0.6%) 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). See notes 10, 12 and 13 for details of distribution fees paid in the year and balances outstanding at the year end. Investec Corporate and Institutional Banking, the Company's Investment Advisor, is also a Distributor for the Company.

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

6. INTEREST INCOME

	2023 AUD	2022 AUD
Interest on investment at amortised cost	**4,227,927**	3,691,447
Bank interest	**31,688**	9,949
	4,259,615	3,701,396

The effective interest rate used for calculating the interest on the investment at amortised cost is 4.9753% (2022: 4.9753%).

7. INVESTMENTS AT FAIR VALUE THROUGH PROFIT AND LOSS

	2023 AUD	2022 AUD
Goldman Sachs Call Warrants		
Balance brought forward	**12,937,146**	18,524,148
Fair value adjustment for the year	**8,814,386**	(7,165,388)
Translation difference	**30,750**	1,578,386
Fair value carried forward	**21,782,282**	12,937,146

The Warrants are linked to the Euronext CDP Environmental World Index.

The Directors determine the fair value of the Warrants based on a valuation provided by Goldman Sachs. The valuation/price of the Warrants is calculated by Goldman Sachs using a pricing model.

The Warrants have been classified as a level 2 investment in the fair value hierarchy as the valuation is derived from observable inputs other than quoted prices in an active market (see note 19(iv)). The key inputs to the valuation were the notional value of the Warrants (USD 72,364,334 (2022: USD 72,364,334)) and the published bid price of the Warrants of 19.40% as at 30 September 2023 (2022: 11.44%). The key input to the published bid price of the Warrants was the closing price as at 30 September 2023 of the Euronext CDP Environment World Index of USD 1,544.74 (2022: USD 1,395.64).

8. INVESTMENTS AT AMORTISED COST

	2023	2022
	AUD	AUD
Investec Bank Limited Structured Deposits		
Balance brought forward	**86,784,983**	73,200,096
Interest	**4,227,927**	3,691,447
Translation difference	**(560,372)**	9,893,440
Carrying value carried forward	**90,452,538**	86,784,983

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

- A holding of Standard Bank Group Limited 5.95% bonds maturing in 2029 (the "Standard Bank bonds"). The Standard Bank bonds were purchased in the market and are callable by the issuer at par on 31 May 2024;
- An accreting bank deposit, which commences on the date of the first coupon payment from the Standard Bank bonds, receives all subsequent coupon payments during the life of the Company, and earns interest on a quarterly compounding basis; and
- An interest rate swap, which fixes the interest rate on the accreting deposit. Notwithstanding that the Company regards the interest rate swap as a fundamental part of the Structured Deposit, this instrument is classified separately in the Statement of Financial Position under the heading 'Derivatives at fair value through profit and loss', and movements in the fair value thereof are recognised separately in the Statement of Comprehensive Income. For further details please refer to note 9.

The Directors regard the Structured Deposit as a single financial instrument, which is measured at amortised cost, using the effective interest rate method, except for the embedded interest rate swap, which is measured at its mark-to-market value, based on valuations provided by the swap issuer, less a provision for unwind costs, estimated by the Investment Advisor.

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

The calculation of impairment, including expected credit losses, is based on assumptions about risk of default and expected loss rates. The Company uses judgments in making this assumption and selecting the inputs to the impairment calculation based on past history and existing market conditions (see note 19(ii)). The Company has assessed the investment in the Structured Deposit for impairment and expected credit losses at the reporting date and has concluded that as at the year end no impairment or credit losses are expected over the life of the investment (2022: no impairment or credit losses were expected over the life of the investment).

The fair value of the Structured Deposit, calculated by ICIB at 30 September 2023, was AUD 90,425,805 (2022: AUD 86,972,221).

9. DERIVATIVES AT FAIR VALUE THROUGH PROFIT AND LOSS

	2023	2022
	AUD	AUD
Balance brought forward	**(940,163)**	(127,542)
Fair value adjustment for the year	**312,098**	(714,496)
Translation difference	**11,068**	(98,125)
Fair value carried forward	**(616,997)**	(940,163)

Derivatives at fair value through profit and loss comprises an interest rate swap utilised to fix the interest rate on the accreting deposit component of the Structured Deposit (see note 8). The interest rate swap is measured at its mark-to-market value, based on valuations provided by the swap issuer, less a provision for unwind costs, estimated by the Investment Advisor.

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

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

The derivatives are classified as level 2 investments in the fair value hierarchy.

10. OPERATING EXPENSES

	2023 AUD	2022 AUD
Investment advisory fee	**552,884**	507,046
Distribution fees	**544,241**	499,080
Administration fee	**112,948**	96,024
Auditor's remuneration	**17,502**	12,428
GFSC licence fee	**7,094**	6,714
Interest expense	**20,681**	7,286
Listing fee	**6,312**	5,785
Statutory fees	**3,235**	2,816
Sponsorship fee	**5,356**	4,899
Professional indemnity insurance	**2,611**	2,422
Sundry	**4,017**	587
	1,276,881	1,145,087

11. EARNINGS/(LOSS) PER SHARE

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

	2023 AUD	2022 AUD
Profit/(loss) attributable to shares:		
Profit/(loss) for purpose of basic and diluted earnings/(loss) per share being the profit/(loss) for the year attributable to shareholders	**12,124,086**	(5,355,406)
Number of shares:		
Weighted average number of shares for the purpose of basic and diluted earnings per share	**69,114.719**	69,114.719
Earnings/(loss) per share attributable to A Class shares	**175.42**	(77.49)
Earnings/(loss) per share attributable to B Class shares	**175.42**	(77.49)

A weighted average number of shares has been calculated to enable users to gain a fairer understanding of the earnings generated per ordinary 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.

12. TRADE AND OTHER RECEIVABLES

	2023 AUD	2022 AUD
Bank interest receivable	**-**	4,247
Prepaid investment advisory fee	**378,386**	459,716
Prepaid distributors' fees	**370,973**	452,434
Prepaid administration fee	**69,370**	84,280
Other prepayments	**3,707**	6,710
	822,436	1,007,387

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

13. TRADE AND OTHER PAYABLES

	2023 AUD	2022 AUD
Current		
Audit fee	**16,571**	14,139
Statutory fees	**-**	2,226
Sponsorship fees	**1,358**	1,367
Professional Indemnity Insurance	**-**	1,488
Distribution fees	**1,324**	-
Listing fees	**1,612**	-
Interest payable	**33,209**	-
	54,074	19,220
Non-current		
Interest payable	**-**	12,327

14. SHARE CAPITAL

Authorised:
Following the adoption of the Company's amended Articles of Association on 18 March 2020, the Company no longer has any defined authorised share capital.

Issued:	2023 AUD	2022 AUD
10 Management shares of AUD 1.00 unpaid (2022: 10 shares unpaid)	**10**	10
21,814.634 A Class shares of AUD 0.01 each (2022: 21,814.634)	**218**	218
47,300.085 B Class shares of USD 0.01 each (2022: 47,300.085)	**669**	669
	897	897

A Class and B Class shares are entitled to 1 vote each at a general meeting of the Company. Under the terms of the Company's prospectus, and in the absence of a further special resolution to extend the life of the Company, the Company's shares will be redeemed and the Company will terminate on 5 June 2024. A Class and B Class shareholders are entitled to receive any dividends or distributions from the Company and any surplus arising on the winding up of the Company after the payment of creditors and redemption of the Management shares at their nominal value.

Management shares are entitled to 10,000 votes each at a general meeting of the Company. Management shares may only be owned by The Basket Trust (see note 18) or its nominee. Management shareholders are not entitled to receive any dividends or distributions from the Company nor any surplus arising on the winding up of the Company in excess of the nominal value of the Management shares.

15. SHARE PREMIUM

2023	A Class AUD	B Class AUD	Total AUD
Balance brought forward and carried forward	**21,069,943**	**58,272,408**	**79,342,351**
	21,069,943	**58,272,408**	**79,342,351**

2022	A Class AUD	B Class AUD	Total AUD
Balance brought forward	21,069,943	58,272,408	79,342,351
Balance carried forward	21,069,943	58,272,408	79,342,351

16. RETAINED EARNINGS

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

2023	A Class AUD	B Class AUD	Total AUD
Balance brought forward	**7,487,473**	**3,647,167**	**11,134,640**
Net profit for the year	**3,826,717**	**8,297,369**	**12,124,086**
Balance carried forward	**11,314,190**	**11,944,536**	**23,258,726**

2022	A Class AUD	B Class AUD	Total AUD
Balance brought forward	9,177,796	7,312,250	16,490,046
Net loss for the year	(1,690,323)	(3,665,083)	(5,355,406)
Balance carried forward	7,487,473	3,647,167	11,134,640

17. TRANSLATION RESERVE

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

2023	A Class AUD	B Class AUD	Total AUD
Balance brought forward	**3,321,595**	**7,202,114**	**10,523,709**
Foreign exchange translation losses	**(174,094)**	**(377,482)**	**(551,576)**
Balance carried forward	**3,147,501**	**6,824,632**	**9,972,133**

2022	A Class AUD	B Class AUD	Total AUD
Balance brought forward	(353,489)	(766,471)	(1,119,960)
Foreign exchange translation gains	3,675,084	7,968,585	11,643,669
Balance carried forward	3,321,595	7,202,114	10,523,709

18. ULTIMATE CONTROLLING PARTY AND RELATED PARTY TRANSACTIONS

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

Sanne Fund Services (Guernsey) Limited ('SFSGL'), the administrator of the Company, is deemed to be a related party, as Janine Lewis (a Director of the Company) is a director of SFSGL; David Stephenson (a Director of the Company) is an employee of SFSGL; and Keri Lancaster-King (a Director of the Company) is a director of SFSGL. During the year SFSGL earned AUD 112,948 (2022: AUD 96,024) for their services as administrator. At the year end date administration fees of AUD 69,370 had been paid to SFSGL in advance (2022: AUD 84,280) and interest on outstanding fees of AUD 5,145 was payable to SFSGL (2022: AUD 1,896).

The Investment Advisor, Investec Corporate and Institutional Banking ("ICIB"), a division of Investec Bank Limited, and Investec Bank Limited itself, are deemed to be related parties. During the year Investec Corporate and Institutional Banking earned AUD 552,884 (2022: AUD 507,046) for their services as investment advisor. At the year end date advisory fees of AUD 378,386 (2022: AUD 459,716) had been paid to Investec Corporate and Institutional Banking in advance and interest on outstanding fees of AUD 28,064 (2022: AUD 10,431) was payable to Investec Corporate and Institutional Banking. The balances and transactions during the year with Investec Bank Limited related to the investments at amortised cost are disclosed in note 8.

19. FINANCIAL INSTRUMENT RISK FACTORS

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

(i) Market risk

(a) Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Company's functional currency. As at 30 September 2023 the Company was exposed to foreign exchange risk in relation to the following assets and liabilities:

		2023	2022
	Source currency	**AUD**	AUD
Cash and cash equivalents	Pound Sterling	**138,142**	171,036
Trade and other payables	Pound Sterling	**(16,571)**	(17,853)
		121,571	153,183

19. FINANCIAL INSTRUMENT RISK FACTORS (continued)

(i) Market risk (continued)

(a) Currency risk (continued)

At 30 September 2023, the foreign currency exposure of the Company against the measurement currency of US Dollars, entirely to Pound Sterling, represented 0.11% of Equity Shareholder's Funds (2022: 0.15%). The Company's policy is not to manage the Company's exposure to foreign exchange movements by entering into any foreign exchange hedging transactions. If the exchange rate of the US Dollar against Pound Sterling at the year end date had been 10% higher/lower (2022: 10% higher/lower), this would have resulted in an increase/decrease in the year end net asset value of AUD 12,157 (2022: AUD 15,318). The sensitivity rate of 10% is regarded as reasonable as this is the approximate volatility of Sterling against the US Dollar during the year.

The Company has no other material currency exposures at either 30 September 2023 or 30 September 2022.

(b) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk on its cash and cash equivalents and interest payable on outstanding future fees. At 30 September 2023, the Company held cash on call accounts of AUD 187,912 (2022: AUD 1,243,781), which earned interest at a weighted average rate of 0.80% (2022: 0.80%). At 30 September 2023, the Company had no outstanding future fees on which interest is payable (2022: outstanding fees of AUD 742,075, on which interest of 1.7% was payable).

Had these balances existed for the whole of the year, and all other factors remained the same, the effect on the Profit and Loss account of an increase/decrease of 2.0% in interest rates (2022: increase of 1.0%/decrease of 0.5%) per annum would have been an increase of AUD 3,758/decrease of AUD Nil in post-tax profit for the year (2022: increase of AUD 4,454/decrease of AUD 1,274). The sensitivity rate of 2% is regarded as reasonable following the increase in global interest rates during the year and in the context of the current US Fed Rate of 5.5%, the majority of the Company's cash being held in US Dollars.

The Company had no other material interest rate exposures at 30 September 2023 or at 30 September 2022. The Company's Structured Deposit is interest-bearing, however it earns interest at a fixed rate and is therefore not subject to interest rate risk.

(c) Price risk

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

Price risk is managed at inception by investing in a combination of financial instruments: a structured deposit, that should provide capital protection for investors; and a holding of warrants on an index or 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 the Structured Deposit acquired is calculated with the intention that the maturing amount of the Structured Deposit will be sufficient to guarantee that all investors who remain in the Company to maturity will at minimum get back the amount that they invested. The Warrants provide the potential for significant upside performance, should the relevant index or indices perform well, with the downside limited to loss of the initial Warrants premium.

The investment premise of the Fund involves participation in the potential upside afforded by the Warrants, whilst enjoying the capital protection afforded by the Structured Deposit. Therefore, whilst the Board monitors the performance of the Warrants 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 Fund in the selection of investments, and is not an active ongoing process during the remainder of the life of the Fund.

19. FINANCIAL INSTRUMENT RISK FACTORS (continued)

(i) Market risk (continued)

(c) Price risk (continued)

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

	2023	2022
	AUD	AUD
Interest rate swap (embedded in the Structured Deposit)	**(616,997)**	(940,163)
Goldman Sachs Warrants	**21,782,282**	12,937,146
	21,165,285	11,996,983

As at 30 September 2023 a 50 per cent increase/decrease in the value of the Warrants would increase/decrease the Net Asset Value of the Company by AUD 10,891,141 (2022: AUD 6,468,573). The sensitivity rate of 50% is regarded as reasonable due to the potential volatility of European stock markets, to which the Warrants are linked.

(ii) Credit risk

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

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

In accordance with this policy, the Board and the investment advisor have noted that the Fitch long-term credit rating of IBL as at 30 September 2023 was BB- (2022: BB-). As a result, the Directors and the Investment Adviser believe that it is not in the best interest of shareholders to attempt to unwind the Structured Deposit prior to its maturity date on 3 June 2024, as they believe firstly that there has been no significant deterioration in the creditworthiness of IBL, and secondly that obtaining an alternative investment with an institution with a higher credit rating could only be achieved on less favourable terms than those offered by the Structured Deposit, which could affect the Company's ability to offer capital protection to shareholders on their investment.

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

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

19. FINANCIAL INSTRUMENT RISK FACTORS (continued)

(ii) Credit risk (continued)

The bonds which underlie the Structured Deposit are held with Standard Bank Group Limited, which has a Fitch long-term rating of BB- (2022: BB-).The investments at fair value through profit and loss are held with Goldman Sachs and IBL, which have Fitch long-term ratings of A+ and BB- (2022: A+ and BB-) respectively. The cash and cash equivalents are held with Investec Bank plc, which has a Fitch long term rating of BBB+ (2022: 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 cash and cash equivalents are held to meet the Company's short-term obligations. At 30 September 2023 the Company held cash and cash equivalents of AUD 187,912 (2022: AUD 1,243,781), which is considered by the Board as sufficient to meet all of 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.

2023	**Less than 6 months AUD**	**6-12 months AUD**	**1 - 5 years AUD**
Trade and other payables	**20,865**	**33,209**	**-**
Net exposure	**20,865**	**33,209**	**-**

2022	Less than 6 months AUD	6-12 months AUD	1 - 5 years AUD
Trade and other payables	19,220	-	12,327
Net exposure	19,220	-	12,327

(iv) Fair value hierarchy

The following tables analyse instruments carried at fair value, by valuation method. 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).

19. FINANCIAL INSTRUMENT RISK FACTORS (continued)

(iv) Fair value hierarchy (continued)

2023	**Level 1 AUD**	**Level 2 AUD**	**Level 3 AUD**	**Total AUD**
Investments at FVTPL	**-**	**21,782,282**	**-**	**21,782,282**
Derivative at FVTPL	**-**	**(616,997)**	**-**	**(616,997)**
	-	**21,165,285**	**-**	**21,165,285**

2022	Level 1 AUD	Level 2 AUD	Level 3 AUD	Total AUD
Investments at FVTPL	-	12,937,146	-	12,937,146
Derivative at FVTPL	-	(940,163)	-	(940,163)
	-	11,996,983	-	11,996,983

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

20. CAPITAL RISK MANAGEMENT

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

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

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

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

21. POST BALANCE SHEET EVENTS

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