SOMERS LIMITED

Reg No. 46441

Audited Consolidated Financial Statements

For the year ended September 30, 2024

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Corporate directory

Somers Limited and its subsidiaries

Company registration number: 46441

www.somers.limited

DIRECTORS

Duncan Saville (appointed 1 April 2024)

Alasdair Younie

Charles Jillings

David Morgan (resigned 30 September 2024)

Peter Durhager (resigned 12 March 2024)

REGISTERED OFFICE

Conyers Corporate Services (Bermuda) Limited

Clarendon House, 2 Church Street

Hamilton, HM 11, Bermuda

COMPANY SECRETARY

Conyers Corporate Services (Bermuda) Limited

Clarendon House, 2 Church Street

Hamilton, HM 11, Bermuda

INVESTMENT MANAGER

ICM Limited

34 Bermudiana Road

Hamilton HM 11, Bermuda

AUDITOR

KPMG Audit Limited

Crown House

4 Par-La-Ville Road

Hamilton, HM 08, Bermuda

LEGAL ADVISORS

Norton Rose Fulbright LLP

3 More London Riverside

Londonm SE1 2 AQ, United Kingdom

(as to English law)

Conyers Limited

Clarendon House, 2 Church Street

Hamilton, HM 11, Bermuda

(as to Bermuda law)

BANKERS AND CUSTODIANS

Bermuda Commercial Bank

34 Bermudiana Road

Hamilton HM 11, Bermuda

JP Morgan Chase Bank NA

25 Bank Street, Canary Wharf

London, E14 5JP, United Kingdom

The Bank of N.T. Butterfield & Son Limited

65 Front Street

Hamilton HM 12, Bermuda

CONTACT

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders and Board of Directors of Somers Limited

Opinion

We have audited the consolidated financial statements of Somers Limited (the "Company"), which comprise the consolidated statement of financial position as at September 30, 2024, the consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at September 30, 2024, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the "*Auditor's responsibilities for the audit of the consolidated financial statements"* section of our report. We are independent of the Company in accordance with 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 consolidated financial statements in Bermuda, 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.

Key audit matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of unquoted financial investments

As presented in the Material Accounting Policies in Note 2, and in Notes 5 and 19 to the consolidated financial statements, the Company holds investments in unquoted securities at September 30, 2024 with an estimated fair value of GBP142 million, representing 52% of total assets, where quoted prices do not exist. Such unquoted securities are carried at their estimated fair values based upon the Investment Manager's judgment using the principles of the International Private Equity and Venture Capital Association ("IPEV") valuation guidelines.

The valuation of the unquoted securities held in the Company's investment portfolio is a key driver of its net asset value and total return to shareholders and results for the year. The valuation of these investments is complex and requires the application of judgment by the Investment Manager.

The fair values are based upon the market approach which estimates the enterprise value of each investee using a comparable public company multiple of revenues or earnings before interest, tax, depreciation and amortisation (“EBITDA”), assets under management (“AUM”), forecasted cashflows or using information from recent comparable transactions observable in the marketplace, or the underlying net asset value.

The risk

The significance of the unquoted investments to the Company’s consolidated financial statements, combined with the complexity and judgment required in estimating their fair values means this was an area of focus during our audit.

Our response to the risk

We performed the following key audit procedures:

- Obtained the Investment Manager’s valuation models for valuing the unquoted equity investments.
- Challenged the Investment Manager on the methodologies followed and key assumptions used in determining the valuations in the context of the IPEV valuation guidelines.
- Using our own valuation specialists, we assessed the methodologies and assumptions used by the Investment Manager and the adjustments made to the fair value estimates for control premiums and illiquidity discounts, where applicable.
- Tested the key inputs used in the valuation models by obtaining the underlying financial information, including audited financial statements, management accounts, budgets and forecasts for revenues, cashflows, discount rates, EBITDA and AUM, which are often the key inputs used in the valuation models by the Investment Manager and compared this information to that used in the models.
- Independently sourced revenue, AUM and EBITDA multiples for comparable public companies used by the Investment Manager, considered whether those companies are comparable to the investee in each case and compared them to the multiples used in the valuations.
- Where a recent transaction was used, we obtained an understanding of the transaction and whether it was considered an arm’s length transaction and was comparable for the purposes of the valuation.
- Performed media searches and other procedures to determine whether there was any contradictory evidence for any of the inputs used.
- Tested the mathematical accuracy of the valuation models.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor’s responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated 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 consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

KPMG Audit Limited

Chartered Professional Accountants
Hamilton, Bermuda
December 13, 2024

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at September 30, 2024

(in Sterling)	Notes	2024	2023
Assets			
Cash and cash equivalents	4	572 040	468 841
Financial investments	5	254 175 848	321 569 715
Loans receivable	6	15 121 727	37 714 417
Interest receivable		1 656 095	475 164
Other assets		1 106 332	99 345
Total assets		272 632 042	360 327 482
Liabilities			
Interest bearing loans and borrowings	7	(7 288 923)	(65 395 939)
Loan notes	8	(1 645 513)	(18 634 445)
Bank overdraft	9	-	(3 007 014)
Interest payable		(237 939)	(993 888)
Other liabilities		(532 395)	(1 302 511)
Total liabilities		(9 704 770)	(89 333 797)
NET ASSETS		262 927 272	270 993 685
Equity			
Share capital	10	2 181	2 194
Contributed surplus	10	304 935 502	329 757 759
Accumulated other comprehensive loss		(574 117)	(724 896)
Retained deficit		(41 436 294)	(58 041 372)
TOTAL EQUITY		262 927 272	270 993 685

See accompanying notes

Signed on behalf of the Board by

Alasdair Younie
Director

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the year ended September 30, 2024 (in Sterling)	Notes	2024	2023
Income			
Interest income	13	3 895 227	2 230 246
Interest expense		(4 239 004)	(5 396 728)
Net interest expense		(343 777)	(3 166 482)
Dividend income		14 746 210	14 203 833
Gains/(losses) from investments	14	13 520 893	(25 581 468)
Net foreign exchange losses		(22 732)	(13 944 525)
Other income		472 831	351 802
Impairment losses	6	(7 881 717)	-
Total income/(loss)		20 491 708	(28 136 840)
Expenses			
Investment management fees	15	(2 539 206)	(2 660 039)
Legal and professional fees		(513 281)	(175 073)
Audit and accounting fees	16	(272 185)	(197 375)
Directors fees		(110 558)	(112 334)
General and administrative expenses		(441 931)	(651 279)
Total expenses		(3 877 161)	(3 796 100)
Net profit/(loss) before tax		16 614 547	(31 932 940)
Withholding tax expense	17	(9 469)	(41 119)
Net profit/(loss) after tax		16 605 078	(31 974 059)

See accompanying notes

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended September 30, 2024 (in Sterling)	Notes	2024	2023
Net profit/(loss) after tax		16 605 078	(31 974 059)
OTHER COMPREHENSIVE INCOME/(LOSS)			
Items that will not be reclassified to profit or loss:			
Exchange differences on translation of foreign operations		150 779	(218 013)
Other comprehensive income/(loss)		150 779	(218 013)
TOTAL COMPREHENSIVE INCOME/(LOSS)		16 755 857	(32 192 072)

See accompanying notes

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended September 30, 2024

(in Sterling)	Notes	Share capital	Contributed surplus	Treasury stock	Accumulated Other Comprehensive income/(loss)	Retained earnings/ (deficit)	Total
Balance as at October 1, 2022		2 194	329 757 759	-	(506 883)	(26 067 313)	303 185 757
Net loss for the year		-	-	-	-	(31 974 059)	(31 974 059)
Other comprehensive losses for the year		-	-	-	(218 013)	-	(218 013)
Balance as at September 30, 2023		2 194	329 757 759	-	(724 896)	(58 041 372)	270 993 685
Net profit for the year		-	-	-	-	16 605 078	16 605 078
Other comprehensive income for the year		-	-	-	150 779	-	150 779
Purchase of treasury stock	10	-	-	(1 230 460)	-	-	(1 230 460)
Cancellation of treasury stock	10	(13)	(1 230 447)	1 230 460	-	-	-
Dividends	12	-	(23 591 810)	-	-	-	(23 591 810)
Balance as at September 30, 2024		2 181	304 935 502	-	(574 117)	(41 436 294)	262 927 272

See accompanying notes

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended September 30, 2024 (in Sterling)	Notes	2024	2023
Cash flows from operating activities			
Net profit/(loss)		16 605 078	(31 974 059)
Adjustments for:			
(Gains)/losses on investments		(13 520 893)	25 581 468
Impairments		7 881 717	-
Foreign exchange losses on investments		22 732	13 944 525
Interest income		(3 895 227)	(2 230 246)
Interest expense		4 239 004	5 396 728
(Increase)/decrease in other assets		(1 006 987)	6 237
Decrease in other liabilities		(770 116)	(68 905)
Net cash flows from operating activities		9 555 308	10 655 748
Cash flows from investing activities			
Interest received		2 685 262	2 191 566
Capital distribution from investee		-	13 605 881
Purchases of investments		(21 319 193)	(11 875 627)
Proceeds from sale of investments		99 270 636	90 876
Drawdowns from loans receivable		(8 704 533)	(3 557 932)
Repayment of loans receivable		18 643 235	118 967
Net cash flows from investing activities		90 575 407	573 731
Cash flows from financing activities			
Proceeds from interest bearing loans and borrowings		32 789 741	40 662 367
Repayment of interest bearing loans and borrowings		(84 295 786)	(46 617 387)
Repayment of loan notes		(15 955 113)	(1 978)
Decrease in overdraft facility		(3 007 014)	(1 366 404)
Purchase of treasury stock		(1 230 460)	-
Dividends paid		(23 615 126)	-
Interest paid		(4 931 288)	(4 756 867)
Net cash flows used in financing activities		(100 245 046)	(12 080 269)
Net increase/(decrease) in cash and cash equivalents		(114 331)	(850 790)
Cash and cash equivalents at the beginning of the year		468 841	1 229 028
Effect of exchange rate fluctuations on cash held		217 530	90 603
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	4	572 040	468 841

See accompanying notes

Non-cash investing and financing activities:	2024	2023
Non-cash settlement of purchases of investments	(20 361 081)	(47 877 673)
Non-cash proceeds from sale of investments	71 201 158	23 300 705
Loan receivable drawdown from Sabrina Topco	(46 686 321)	-
Loan receivable paid directly to third party	-	(974 663)
Loan receivable from UIL asset purchase	-	(458 358)
Loan receivable paid directly from third party	220 055	-
Loan receivable converted to equity in ICM Mobility	-	2 764 352
Loan payable from UIL asset purchase	-	22 271 468
Loan payable drawdown paid directly to third party	440 400	5 475 805
Loan payable drawdown from Thorn	15 183 644	-
Loan payable repayment from capital distribution from Thorn	(19 698 834)	-
Loan payable repayment paid directly from third party	(68 156)	(4 501 142)

1. DESCRIPTION OF BUSINESS

Somers Limited ("Somers" or "the Company") is a Bermuda exempted investment Company listed on the Mezzanine Market of the Bermuda Stock Exchange with investments in the financial services sector. Somers was incorporated on December 13, 2012 and is domiciled in Bermuda. Somers is engaged in a single segment of business, focusing on maximising shareholder returns by identifying and investing in companies where the assessed underlying value is not reflected in the market price.
The investment activities of Somers are managed by ICM Limited ("ICM").

As at September 30, 2024, the significant shareholders (the "Major Shareholders") in the Company, who held, in aggregate 100% (2023: 99.06%) of Somers' issued share capital, are as follows:
- Union Mutual Pension Fund Limited ("Union Mutual") holds 59.38% (2023: 58.64%) - incorporated in Bermuda and
- UIL Limited ("UIL") holds 40.62% (2023: 40.42%) - incorporated in Bermuda.

The Company is deemed to meet the definition of an investment entity per IFRS 10 as it continues to meet the following requirements:
- The Company has obtained funds for the purpose of providing investors with investment management services.
- The Company's business purpose, which was communicated directly to investors, is investing solely for returns from capital appreciation and investment income.
- The performance of its investments is measured and evaluated on a fair value basis.

Therefore, in accordance with IFRS 10, subsidiaries held as part of the Company's investment portfolio are not consolidated but are accounted for as investments and carried at fair value through profit or loss.

The consolidated annual financial statements were authorised for issue by the board of directors on December 11, 2024.

2. MATERIAL ACCOUNTING POLICIES

Basis of preparation
The consolidated financial statements have been prepared on the historical cost basis, except for financial instruments that have been measured at fair value. The consolidated financial statements are prepared on a going concern basis. The assessment was based on information available at the end of the 2024 financial year and has considered the impact on certain key financial aspects based on multiple economic scenarios. The consolidated financial statements are presented in Sterling.

Statement of Compliance
The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards"). The Company has consistently applied the material accounting policies to all periods presented in these consolidated financial statements.

Presentation of Consolidated Financial Statements
The Company presents its consolidated statement of financial position broadly in order of liquidity. An analysis regarding the maturity or settlement of the financial assets and liabilities within 12 months after the reporting date (current), and more than 12 months after the reporting date (non-current), is presented in note 19 (b).

2. MATERIAL ACCOUNTING POLICIES (continued)

Basis of consolidation

Subsidiaries and associated undertakings held as part of the investment portfolio are carried at fair value through profit or loss and accounted for in accordance with IFRS 9, Financial Instruments: Recognition and Measurement. Those subsidiaries and associate undertakings that are not held for investment, or which provide services to Somers, are consolidated where Somers has control. The consolidated financial statements include the financial statements of its operating subsidiaries; Somers UK (Holdings) Limited, Somers Pte. Ltd and Somers Treasury Pty Ltd. All intercompany balances and transactions are eliminated on consolidation. Details of the subsidiaries and associates are included in note 18 to the consolidated financial statements.

Material Accounting Judgments, Estimates, and Assumptions

The preparation of consolidated financial statements in conformity with IFRS requires management to make certain material estimates, judgments, and assumptions that affect the reported amounts in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

Estimates, judgments, and assumptions are continually evaluated, and are based on historical experience, and other factors, including expectations of future events, that are believed to be reasonable under the circumstances. The estimates, judgments, and assumptions, that have a significant risk of causing material adjustments to the consolidated financial statements within the next financial year, are discussed below.

Fair Value of Financial Instruments

Where the fair values of financial assets and financial liabilities recorded on the consolidated statement of financial position cannot be derived from active markets, they are determined, in compliance with IFRS 13, using a variety of valuation techniques that include the use of valuation models. The inputs to these models are derived from observable market data where possible, but where observable market data is not available, judgment is required to establish their fair values.

The judgments include valuation assumptions and model inputs such as revenue, EBITDA, estimated future cash flows, multiples of comparable companies, volatility and discount rates. The estimates and judgments used in the valuation of financial instruments are described in more detail in note 19.

Impairment Losses on financial assets held at amortised cost

The Company reviews its individually significant loans and receivables to assess impairment at least on an annual basis. Management judgment is required in the estimation of the amount and expected credit losses and timing of future cash flows when determining impairment losses. These estimates are based on assumptions about several factors and actual results may differ from current estimates resulting in future changes to the allowance.

Foreign currency

Transactions in foreign currencies are translated into the respective functional currency of the Company at exchange rates at the dates of the transaction. Foreign currency assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the prevalent exchange rate at that date. The foreign currency gains or losses are recognised in the Statement of profit and loss and other comprehensive income.

Foreign currency differences arising on retranslation are recognised in other comprehensive income.

2. MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments

Recognition and initial measurement

Receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the entity becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification and subsequent measurement

Financial assets

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

• it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

• its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

All financial assets not classified as measured at amortised cost as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at FVTPL include all financial investments.

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial assets are not reclassified subsequent to their initial recognition unless the entity changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets at amortised cost include loans receivable, interest receivable, cash and cash equivalents and other assets.

Financial liabilities

The Company has adopted the following classifications for financial liabilities:

Financial liabilities at amortised cost and subsequent to initial recognition, financial liabilities are measured at amortised cost using the effective interest method.

Financial liabilities at amortised cost include loans payable, loan notes payable, bank overdraft, interest payable and other liabilities.

2. MATERIAL ACCOUNTING POLICIES (continued)

Derecognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or when they transfer the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all the risks and rewards of ownership and does not retain control of the financial asset.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently have a legally enforceable right to set off the recognised amounts and they intend either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Determination of fair value

The fair values of financial instruments traded in active markets at the reporting date are determined based on their quoted market price or dealer price quotations (bid price for long positions and ask price for short positions), without any deductions for transaction costs. For all other financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques.

An analysis of fair values of financial instruments and further details as to how they are measured is provided in note 19.

Impairment of assets

The Company recognise loss allowances for ECLs on financial assets measured at amortised cost.

The Company measure loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for receivables are measured at an amount equal to lifetime ECLs.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

The Company considers a financial asset to be performing when there is a low risk of default and no amounts are past due.

2. MATERIAL ACCOUNTING POLICIES (continued)

Impairment of assets (continued)

The Company considers a financial asset to be under-performing when contractual payments are 30 days past due or there has been a significant increase in credit risk since initial recognition. A significant increase in credit risk is indicated by a significant decrease in the future prospects of the borrower's operations, changes in the scope of business or changes in the organisational structure that result in a significant change in the borrower's ability to meet its debt obligations.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Presentation

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expect to receive).

Measurement of ECLs

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Provisions and accruals

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefits will occur, and where a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement. If the effect of discounting is material, provisions are discounted. The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Recognition of Income

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Interest Income

Interest income is recognised in the consolidated statement of income for all interest-bearing instruments on the accrual basis, using the effective interest rate method.

Dividend Income

Dividend income is recognised when the Company’s right to receive payment is established.

Expenses

Expenses are recognised in the consolidated statement of income on the accrual basis. Interest expense is calculated using the effective interest rate method.

2. MATERIAL ACCOUNTING POLICIES (continued)

Treasury stock

The Company's own equity acquired by Somers or by any of its consolidated subsidiaries (treasury stock) is recognised at cost and deducted from equity. Consideration paid or received on the purchase, sale, issue or cancellation of the Company's own equity instruments is recognised directly in equity.

No gain or loss is recognised in net income on the purchase, sale, issue or cancellation of the Company's own equity instruments.

3. ADOPTION OF NEW AND REVISED STANDARDS

Standards and interpretations adopted during the year

The revised IAS 1 Amendments - Disclosure of Accounting Policies (effective from January 1, 2023) is applicable in the current year.

The application has not had any significant impact on the amounts reported in these financial statements.

No new or amended standards and interpretations that became effective in the current period had a significant impact on the annual financial statements.

New standards, amendments and interpretations effective for annual periods beginning after January 1, 2024 that have not been adopted

At the date of authorisation of these annual financial statements, the following standards affecting the Company were in issue, but not yet effective:

- Presentation & disclosure of information - (New standard IFRS 18) effective January 1, 2027

The Directors are still assessing the impact of these standards on the Company as of date of issuance of the financial statements.

(Expressed in Sterling)

		2024	2023
4.	CASH AND CASH EQUIVALENTS		
	Cash balance comprises:		
	Cash at bank	572 040	468 841

		2024	2023
5.	FINANCIAL INVESTMENTS		
	Listed equity investments	112 656 974	126 489 284
	Unlisted equity investments	79 955 128	188 580 341
	Equity securities	192 612 102	315 069 625
	Convertible loan notes	5 635 872	-
	Loan notes	46 686 321	-
	Other financial investments	9 241 553	6 500 090
	Total financial assets at fair value through profit or loss	254 175 848	321 569 715

Other financial investments consist of contractual rights to receive financial assets from other entities.

The following table is an analysis of the investment portfolio disclosing fair value balances and fair value movements of the investments:

	2024	2023
Financial assets at fair value through profit or loss		
Fair value at beginning of year	321 569 715	338 497 255
Reclassification of convertible loan notes from loans receivable	2 281 397	-
Purchase of investments	88 366 595	59 753 301
Proceeds from disposal of investments	(151 424 729)	(23 391 581)
Capital distribution from investee	(19 047 065)	(13 605 882)
Net fair value movement in the year (including foreign exchange gains and losses)	12 429 935	(39 683 378)
Fair value at end of year	254 175 848	321 569 715

Convertible loan notes consist of:

Incol Limited ("Incol") loans totalling EUR 1,308,481 (2023: EUR 570,000). The loans to Incol carry a fixed interest rate of 5% and mature on April 25, 2025, June 9, 2026 and July 2, 2027, the Company may elect to convert the facility amount into ordinary shares of Incol at a price of EUR 7 or EUR 3 per share depending on the tranche.

ICM Mobility Group Limited ("ICM Mobility") loan of £2,879,596 (2023: £1,696,389). The loan to ICM Mobility is capitalised 6 monthly in June and December and does not carry interest.

Dfinitive Capital Limited ("Dfinitive") loan of EUR 206,072 (2023: EUR 105,000). The loan carries a fixed interest rate of 5% which is payable or capitalisable annually. The loan matures on June 9, 2026. From June 9, 2024, the Company may elect to convert the facility amount into ordinary shares of Dfintive at a price of EUR 10 per share.

EN Holdings Inc ("EN Holdings") loan of USD 2,000,000 (2023: nil). The loan carries interest at 5% paid in kind. The Company may elect to convert the facility amount into ordinary shares of Income Partners Asset Management (Asia) Limited at a price of $1 per share within 2 years. At the end of 2 years (June 2026) the non-exchanged portion will automatically be exchanged into equity.

Loan notes consist of:

Sabrina Topco Limited ("L&C Waverton") loan of £46,686,321 (2023: nil) consisting of A1 preferred loan notes. It is unsecured, bears interest at 12% compounded annually and is repayable on June 28, 2034. The loan notes are listed on the Official List of The International Stock Exchange.

(Expressed in Sterling)

6. LOANS RECEIVABLE

Loans receivables as at September 30 were as follows:

	2024	2023
Loans to related parties	6 964 398	2 281 397
Other loans	8 157 329	35 433 020
Total loans receivable	15 121 727	37 714 417

Loans to related parties consist of:

AKJ loan of USD 2,600,000 (2023: nil) is unsecured, bears no interest and is repayable on July 23, 2025. The loan is still performing, as no contractual breaches have occurred, and the credit risk has not increased significantly since initial recognition.

GPLPF loan of USD 2,500,000 (2023: nil) is unsecured, bears interest at 7% and is repayable on December 31, 2024. The loan is still performing, as no contractual breaches have occurred, and the credit risk has not increased significantly since initial recognition.

PCF Bank loan consists of three sets of unsecured subordinated Tier 2 notes totalling £1,750,000 (2023: nil). These notes bear interest at 8% and interest is payable bi-annually. PCF Bank has entered liquidation and the loan has been impaired to the expected recoverable amount of £300,000.

PIL loan of USD 1,850 (2023: nil) bears no interest and is repayable on demand. The loan is still performing, as no contractual breaches have occurred, and the credit risk has not increased significantly since initial recognition.

UIL loan of £2,850,000 (2023: nil) is unsecured, bears interest at 7% and is repayable on March 31, 2025. The loan is still performing, as no contractual breaches have occurred, and the credit risk has not increased significantly since initial recognition.

Other loans consist of:

Base loan of USD 10,500,000 (2023: USD 42,817,772).

Somers sold its holding in BCB to Base (formerly known as Provident) in July 2021 which was satisfied by a combination of cash and a loan facility provided by Somers to Base. This loan carried a fixed interest rate of 6.5% in 2023 and increased to 8.5% from January 2024. This facility was amended to a variable interest rate from July 2024 of SOFR + 3.5% to a maximum of 8.5%. This loan is secured by 7,003,318 ordinary shares in BCB. As part of a loan renegotiation a portion of the outstanding balance was forgiven (USD 8,317,772 (£6,431,717)). The remaining balance is to be repaid in part on October 20, 2024 with the remainder due on July 31, 2025. Under the terms of the renegotiation, Somers is also entitled to an equity sweetener payment of 10% of any proceeds in the event of an acquisition, merger or reorganisation, or distributions until July 20, 2028. The equity sweetener is capped at USD 8,500,000. No value has been assigned to this equity sweetener as at September 30, 2024. Subsequent to the loan renegotiation no contractual breaches have occurred, and the credit risk has not increased significantly since loan renegotiation.

Polycrest loan of USD 410,625 (2023: USD 410,625) does not bear interest and is repayable on September 29, 2028. The loan is still performing, as no contractual breaches have occurred, and the credit risk has not increased significantly since initial recognition.

Expected Credit Losses considerations

(Expressed in Sterling)

The Company uses three categories for loans receivables which reflect their credit risk and how the Expected Credit Losses ("ECL") provision is determined for each of those categories. The credit loss allowance includes ECLs for financial instruments that may default in the next 12-month period for financial instruments that have not observed a significant increase in credit risk since initial recognition ("stage 1") or over a lifetime period for financial instruments that have observed a significant increase in credit risk since initial recognition ("stage 2"). The allowance also includes lifetime ECLs for financial instruments where there is objective evidence of credit-impairment at the reporting date ("stage 3").

The gross carrying amount of loan receivables and the maximum exposure to loss, is as follows:

	2024	2023
Stage 1 – Unimpaired and without significant increase in credit risk	14 821 727	37 714 417
Stage 2 – Significant increase in credit risk	-	-
Stage 3 – Credit-impaired	1 750 000	-
Total gross loans receivables	16 571 727	37 714 417
Less: ECL provision	(1 450 000)	-
Loans receivables, net of expected credit losses	15 121 727	37 714 417

Stage 3 loan relates to PCF Bank (see details above) and the ECL provision is based on the expected recoverable amount. All other loans are included in stage 1.

The following table reconciles the movement in ECL between the beginning and end of the financial year:

	Stage 3 Lifetime ECL	Total
ECL as at October 1, 2022 and September 30, 2023	-	-
Addition during the year	1 450 000	1 450 000
ECL as at September 30, 2024	1 450 000	1 450 000

7. INTEREST BEARING LOANS AND BORROWINGS

Loans payable as at September 30 were as follows:

	2024	2023
Commercial borrowings	2 990 600	36 598 350
Borrowings from related parties	4 298 323	28 797 589
Total loans payable	7 288 923	65 395 939

Commercial borrowings consist of:

Bermuda Commercial Bank ("BCB") Loan

This USD 4.0 million loan facility (2023: USD 5.0 million) from BCB carries an interest rate of the BCB base rate (3% as at September 30, 2024 (2023:3%)) plus 2.7%. The facility is subject to annual principal repayments of USD 1.0 million, with a final repayment date of March 31, 2025. In order to secure the loan the Company has pledged 16,946,090 (2023: 21,946,090) ordinary shares in Resimac Group Limited with a carrying value at September 30, 2024 of £7,619,976 (2023: £10,588,444).

The Bank of N.T. Butterfield & Son Limited ("BNTB") Loan

This loan facility from BNTB carried an interest rate of 5.25%. The facility was subject to bi-annual principal repayments of £2.5 million. At September 30, 2024 the facility was fully repaid (2023: £32.5 million). In order to secure the loan, the Company had pledged 10,750,000 ordinary shares in Waverton Investment Management Group Limited with a carrying value at September 30, 2023 of £137,848,551 and 79 million ordinary shares in Resimac Group Limited with a carrying value at September 30, 2023 of £38,115,541. Upon the repayment of the loan the securities pledged were removed.

Compliance with Loan Covenants

Under the terms of its BCB and BNTB loan facilities, Somers is required to comply with principal lending covenants in respect of the ratio of borrowings to equity, the ratio of cash income to interest expense, and minimum net assets levels. Somers was in compliance with its covenants during the year.

(Expressed in Sterling)

7. INTEREST BEARING LOANS AND BORROWINGS (continued)

Borrowings from related parties consist of:

Loan Facility from Thorn Group Pty Ltd ("Thorn")

Somers entered into a scheme of arrangement with Thorn to purchase the remaining shares in Thorn. In addition, the loan facility with Thorn AU was assigned to Thorn during the year. These loans were repaid during the year through a capital reduction.

In 2024 Somers entered into unsecured loan facility from Thorn which carries interest at 7%. The facility is repayable by August 7, 2025. AUD 8,316,378 was drawn down as at September 30, 2024.

Loan Facility from Thorn Australia Pty Ltd ("Thorn AU")

The 2023 loan facility from Thorn AU carried a fixed interest rate of 12%. and was assigned during the year to Thorn (2023: AUD 2.5 million was drawn down on this facility). In order to secure the loan the Company had pledged its holding of Thorn Group Limited ordinary shares. The Company held 49% of Thorn Group Limited ordinary shares, with a carrying value at September 30, 2023 of £10,270,150. The loan was fully repaid as of September 30, 2024.

Loan Facility from Resimac Group Limited ("Resimac")

The unsecured facility from Resimac carried a fixed interest rate of 12%. The facility was fully repaid during the year. At year end, AUD nil (2023: AUD 8.0 million) was drawn down on this facility.

Loan Facility from Union Mutual Pension Fund Limited ("UMPF")

The unsecured facilities from Union Mutual carry a fixed interest rate of 7%. Each facility was fully repaid during the year. At 2023 year end USD 12,709,893 and AUD 1,788,447 were drawn down on these facilities (2024: USD nil and AUD nil).

Loan Facility from Zeta Energy Pte. Ltd ("Zeta")

The unsecured facility from Zeta carries a fixed interest rate of 7%. The facility was fully repaid during the year. At year end, a balance of USD nil (2023: USD 14,518,075) was drawn down on this facility.

8. LOAN NOTES	2024	2023
Loan notes	1 645 513	18 634 445

On July 26, 2022 the Company merged with SNB Investments Limited (“SNB”). On this date all shareholders not associated with SNB were issued loan notes amounting to USD 21.00 for each ordinary share of the Company that they owned. These USD 1.00 loan notes carried an interest rate of 6% and had a two-year term. The loan notes matured on July 26, 2024 and loan note holders were repaid on that date. Loan notes with value of £1,645,513 (USD 2,200,914) have not yet been claimed as at September 30, 2024. No further interest will be incurred in relation to these loan notes.

9. BANK OVERDRAFT	2024	2023
BCB	-	3 007 014

This USD 3,675,000 overdraft facility from BCB carries an interest rate of the BCB base rate (3% as at September 30, 2024 (2023: 3%)) plus 4%. The facility is subject to quarterly repayments of USD 612,500, with a final repayment date of March 31, 2025. In order to secure the facility, the Company has pledged 11.0 million ordinary shares (2023: 17.0 million) in Resimac Group Limited with a carrying value at September 30, 2024 of £5,395,918 (2023: £8,202,078). The facility was unutilised as at 30 September 2024 (2023: USD 3,668,566).

(Expressed in Sterling)

10. SHARE CAPITAL AND CONTRIBUTED SURPLUS

Authorised

120,000,000 ordinary shares of par value USD 0.0001 (2023: 120,000,000 ordinary shares of par value USD 0.0001)

Issued Ordinary shares:	Number of shares	Share capital	Contributed surplus
Balance as at October 1, 2022 and September 30, 2023	24 410 115	2 194	329 757 759
Cancellation of treasury stock	(119 000)	(13)	(1 230 447)
Dividends	-	-	(23 591 810)
Balance as at September 30, 2024	24 291 115	2 181	304 935 502

During the year ended September 30, 2024 the Company declared a dividend of £23,591,810 from Contributed Surplus (2023: nil).

Treasury stock

	2024 Number of Shares	Amount	2023 Number of Shares	Amount
Balance at beginning of year	-	-	-	-
Purchase of treasury stock	119 000	(1 230 460)	-	-
Cancellation of treasury stock	(119 000)	1 230 460	-	-
Balance at end of year	-	-	-	-

Warrants

On August 1, 2022 the Company issued 5,412,314 warrants pro-rata to all of its shareholders on a one for four basis. The Warrants were unlisted and the exercise price of the Warrants was USD 18.92 per share.
All unexercised warrants expired on September 30, 2023.

	Warrants
Balance as at September 30, 2022	2 651 454
Warrants expired on September 30, 2023	(2 651 454)
Balance as at September 30, 2023	-
Balance as at September 30, 2024	-

Capital Management

The Company's capital levels are regularly reviewed by the Board of Directors in light of changes in economic conditions and the risk characteristics of the Company's activities. To maintain or adjust the capital structure, the Company may adjust the amount of dividend payments to shareholders, return capital to shareholders, or issue new capital securities. There were no changes in the Company's approach to capital management during the year.

(Expressed in Sterling)

11. EARNINGS PER SHARE

2024	Net earnings	Weighted average no. of shares	Earnings per share
Basic earnings per share			
Net income	16 605 078	24 400 361	0.68
Diluted earning per share			
Net income	16 605 078	24 400 361	0.68

2023	Net loss	Weighted average no. of shares	Loss per share
Basic loss per share			
Net loss	(31 974 059)	24 410 115	(1.31)
Diluted loss per share			
Net loss	(31 974 059)	24 410 115	(1.31)

The weighted average number of ordinary shares outstanding during 2024 were adjusted for the share repurchase.

12. DIVIDENDS

The Company declared and paid dividends as follows:

	2024	2023
Interim dividend for the year ended September 30, 2024 USD 1.22 (2023: nil)	23 591 810	-
Final dividend for the year ended September 30, 2024 nil (2023: nil)	-	-
Total	23 591 810	-

In the year ending September 30, 2024, the Board resolved to pay an interim dividend of USD 1.22 per share. Dividends were paid in cash. The distribution was made from contributed surplus.

(Expressed in Sterling)

13. INTEREST INCOME

The Company earned interest income as follows:

	2024	2023
Cash deposits	19 335	-
Loans and receivables	3 875 892	2 230 246
	3 895 227	2 230 246

14. GAINS/(LOSSES) ON INVESTMENTS

The Company recorded the following net gains/ (losses) on investments:

Financial instruments measured at fair value through profit or loss	2024	2023
Realised gains on sale of investments	132 728 237	242 983
Unrealised losses on investments	(119 207 344)	(25 824 451)
Total gains/ (losses) on investments	13 520 893	(25 581 468)

15. INVESTMENT MANAGEMENT FEES

	2024	2023
Management fees	2 539 206	2 660 039
	2 539 206	2 660 039

Somers has agreed to pay ICM Limited ("ICM") an annual fee for its investment management services equal to 0.75% (2023: 0.75%) of the gross asset value of qualifying investments within Somers' financial investment portfolio. For the year ended September 30, 2024, this fee amounted to £2,539,206 (2023: £2,660,039), of which £4,933 (2023: £600,000) remained payable at year end and is included in other liabilities.

Included within the terms of the revised investment manager agreement is a performance fee payable to ICM if the growth in the Company's equity exceeds a hurdle rate equal to the higher of 8% or 4% plus the UK Retail Price Index inflation ("Hurdle Rate"). The fee arrangement is payable at a rate of 15% on the amount by which the growth in the Company's equity exceeds the Hurdle Rate, subject to a cap of 2% of Somers' net asset value. The performance fee for the year ended September 30, 2024 was nil (2023: nil).

16. AUDIT AND ACCOUNTING FEES

	2024	2023
Accounting fees	89 040	87 039
Audit fees	183 145	110 336
	272 185	197 375

17. INCOME TAX

Somers is not subject to income tax on their net income for the period. Somers' subsidiaries domiciled in other jurisdictions are subject to the tax laws of those jurisdictions. The Company records income taxes based on the tax rates applicable in the relevant jurisdiction.

The taxation expense for the year was as follows:

	2024	2023
Income tax	(30)	-
Withholding tax	9 499	41 119
	9 469	41 119

(Expressed in Sterling)

18. RELATED-PARTY DISCLOSURES

As at September 30, 2024, the Major Shareholders held, in aggregate, 100% (2023: 99.06%) of Somers' common shares. Details of the Major Shareholders are disclosed in note 1.

The following are considered related parties of the Company: the Major Shareholders, Somers Isles Private Trust Company Limited ("SIPTCL") (which controls 100% of Union Mutual, ICM, General Provincial Company Limited and 78.15% of UIL's ordinary shares), Mr Duncan Saville (who owns 100% of SIPTCL), entities controlled by these entities and individuals, ICM (the investment manager of Somers) and the board of directors of ICM, the subsidiaries of the Company set out below, the associates of the Company set out below, and the Board of Directors.

The following transactions were carried out during the year ended September 30, 2024, between the Company and its related parties:

SUBSIDIARIES

The following were consolidated subsidiary undertakings of the Company at September 30, 2024 and September 30, 2023.

		Holdings and voting rights %	
	Country	2024	2023
Somers Treasury Pty Ltd	Australia	-	100%
Somers Pte. Ltd	Singapore	100%	100%
Somers UK (Holdings) Limited	UK	100%	100%

Somers Treasury Pty Ltd was deregistered in August 2024.

In accordance with IFRS 10, subsidiaries held as part of the Company's investment portfolio are not consolidated, but are accounted for as investments and carried at fair value through profit or loss.

Details of these underlying investments are as follows:

2024	Country	Number of ordinary shares	Percentage of ordinary shares held	Fair Value
Dfinitive	Ireland	150 000	50.00%	999 087
PCF Group plc ("PCF")	UK	244 489 880	73.24%	1 318 289
PIL	Bermuda	149	100.00%	5 931 673
Resimac	Australia	218 433 737	54.61%	98 220 888
Thorn	Australia	34 764 019	100.00%	3 186 607
				109 656 544
2023				
Dfinitive	Ireland	150 000	50.00%	1 040 014
PCF	UK	244 489 880	73.24%	887 498
Resimac	Australia	218 433 737	54.39%	105 388 861
Waverton Investment Management Group Limited ("Waverton")	UK	10 750 000	61.37%	137 848 551
				245 164 924

18. RELATED-PARTY DISCLOSURES (continued)

SUBSIDIARIES (continued)

Transactions with subsidiary undertakings are disclosed below.

Dfinitive

Somers lent an additional EUR 95,000 (£82,400) under the convertible loan agreement with Dfinitive.

Somers earned interest of EUR 10,754 (£8,141) during the year, of which EUR 3,234 (£2,693) was receivable at year-end and EUR 6,072 (£5,136) was capitalised during the year (net of 20% withholding tax).

PCF Bank

Somers UK (Holdings) purchased tier 2 loan notes in PCF Bank, a 100% held subsidiary of PCF for £1,750,000 during the year.

Somers UK (Holdings) earned interest on these loan notes of £146,712 and £56,740 was receivable at year end.

PCF Bank entered voluntary liquidation during the year, as such an impairment was raised of £1,450,000 and interest not yet received of £56,740 was written off.

PIL

Somers Ltd paid operating costs on behalf of PIL totalling USD 2,095 (£1648) during the year.

Somers purchased of 100% of PIL shares from UIL for consideration of £4,701,184.

Resimac

Somers received AUD 15,290,362 (£7,837,298) in dividend income during the year from Resimac.

Somers fully repaid the loan facility with Resimac amounting to AUD 8,000,000 (£4,180,475).

Somers incurred interest expense of AUD 704,548 (£366,766) on the loan during the year, all of which was paid during the year.

Thorn

During the year Somers entered into a scheme of arrangement with Thorn to purchase the remainder of Thorn's shares from external shareholders, increasing it's holding to 100%. As part of the scheme Somers borrowed AUD 20,684,312 (£10,819,277) from Thorn at 0% interest. This was repaid through capital reduction during the year.

During the year Thorn AU assigned its loan with Somers to Thorn. This loan was repaid through a capital reduction.

Thorn Group did a capital return during the year of AUD 38,642,244 (£19,698,834) which was offset against the loan and accrued interest outstanding at the time.

Somers acquired shares from Thorn at fair value during the year consisting of 5,709,564 Humm Group Limited shares for £1,378,441, 64,408,413 MoneyMe Limited shares for £2,977,643 and 1,306,251 BNK Banking Corporation Limited shares for £228,136. This was done as part of the windup of Thorn.

Somers entered a loan agreement for the purchase of these shares. Somers repaid AUD 608,000 (£381,549) during the year. At year end AUD 8,316,378 (£4,195,522) was drawn on the facility.

Somers incurred interest expense of AUD 88,515 (£45,547) on the loan during the year, of which AUD 88,515 (£45,547) was payable at year end.

(Expressed in Sterling)

18. RELATED-PARTY DISCLOSURES (continued)

Thorn AU

Somers entered into various loan agreements with Thorn AU during the year under which Somers borrowed AUD 15,000,000 (£7,845,406). The outstanding loan balance of AUD 17,500,000 (£9,097,989) was transferred to Thorn during the year.

Interest of AUD 438,131 (£228,116) was incurred on these loans during the year.

Waverton

Somers received £6,881,075 in dividend income during the year from Waverton.

Somers sold its holdings of 10,750,000 shares in Waverton to Sabrina Topco as part of the L&C merger and realised a profit £4,204,552 during the year. The consideration consisted of cash, equity in Sabrina Topco as well as 10 year preferred loan notes in Sabrina Topco. A portion of this cash consideration is still in escrow amounting to £579,323.

Somers earned indemnity fees of £437,465 from Waverton during the year, along with £25,000 in guarantee fees.

ASSOCIATES

The associate undertakings are held as part of the investment portfolio and consequently are carried at fair value through profit or loss. The Company had the following associate undertakings at September 30:

	Country	Number of ordinary shares	Percentage of ordinary shares held	Fair Value
2024				
Adminis Limited ("Adminis")	New Zealand	1 399 889	37.93%	3 363 916
AKJ	Bermuda	21 755 471	37.15%	8 429 259
AKJT Holdings Limited ("AKJT")	Malta	10 034	22.05%	5 432 916
ICM Mobility	UK	93 182 846	39.81%	32 856 272
Incol	Ireland	171 143	32.00%	427 467
				50 509 830
2023				
Adminis	New Zealand	994 055	32.19%	2 099 470
AKJ	Bermuda	19 880 471	33.94%	5 079 969
AKJT	Malta	10 034	22.05%	822
ICM Mobility	UK	93 174 884	39.81%	30 523 440
Incol	Ireland	171 143	32.00%	383 072
Quest Finance Technologies ("Quest")	Australia	428 750	24.19%	241 064
Terra FirmaCapital Corporation ("Terra Firma")	Canada	1 124 400	20.14%	4 832 680
Thorn	Australia	17 085 120	49.15%	10 270 150
				53 430 667

Transactions with associate undertakings are disclosed below:

Adminis

Somers subscribed for an additional 405,834 shares for a cost of NZD 1,744,871 (£838,265).

18. RELATED-PARTY DISCLOSURES (continued)

AKJ

Somers purchased 1,875,000 additional shares for a cost of USD 2,400,000 (£1,897,992).

Somers loaned USD 2,600,000 (£1,997,960) during the year to AKJ, the loan bears no interest.

ICM Mobility

Somers loaned £5,271,155 during the year under the convertible loan agreement with ICM Mobility. £80,469 was repaid during the year.

The loan balance was capitalised in June and December totalling £4,007,478 in exchange for 7,962 shares.

The loan bears no interest.

Incol

Somers loaned an additional EUR 700,000 (£598,704) during the year under convertible loan agreements with Incol.

Somers earned interest of EUR 47,847 (£40,373) during the year, of which EUR 20,393 (£16,979) was receivable at year end and EUR 38,481 (£32,789) was capitalised during the year (net of 20% WHT)

Terra Firma

Terra Firma entered an arrangement agreement. As a result Somers sold it's investment of 1,124,400 shares for CAD 8,208,120 (£4,874,288) and realised profit of £1,230,536.

HOLDING COMPANIES

UIL

Somers, under various loan facilities with UIL, borrowed and subsequently repaid £1,900,000 and USD 5,020,000 (£3,953,714) during the year.

Somers incurred interest expense of £24,937 and USD 16,613 (£13,126) on the loans during the year all of which was paid during the year.

Somers has a loan receivable from UIL of £2,850,000 at year-end.

Somers earned interest income of £30,608 on the loan during the year of which £30,608 was receivable at year-end.

Somers acquired 149 shares in Permanent Investments Limited from UIL during the year at a value of £4,701,184.

Somers paid dividends to UIL in the year of £9,536,235.

18. RELATED-PARTY DISCLOSURES (continued)

UMPF

Somers, under various loan facilities with UMPF, borrowed AUD 3,775,100 (£1,969,891) and USD 10,568,305 (£8,165,104) during the year. These were fully repaid during the year with repayments totalling AUD 5,563,547 (£1,854,516) and USD 23,278,197 (£18,589,185).

Somers incurred interest expenses of AUD 185,808 (£96,735) and USD 561,345 (£447,979) on these loans during the year, all of which were paid during the year.

UMPF acquired 110,458 further shares in Somers.

Somers paid dividends to UMPF in the year of £13,833,993.

Mitre Investments

Mitre Investments held 119,000 shares in the Company's issued share capital at the start of the financial year. These shares were repurchased by the Company during the year.

Mitre Investments held 155,468 USD 1.00 Somers loan notes which were repaid during the year.

Charles Jillings is a shareholder of Mitre Investments.

Ultimate Parent Undertaking

In the opinion of the Directors, the Company's ultimate parent undertaking is Somers Isles Private Trust Company Limited, a Company incorporated in Bermuda.

INVESTMENT MANAGER

ICM and the Board of Directors of ICM

ICM Limited is the investment manager to Somers and joint investment manager to UIL. The Directors of ICM are Duncan Saville, Charles Jillings and Alasdair Younie. Duncan Saville, Charles Jillings and Alasdair Younie are also directors of Somers.

Details of investment management fees can be found in note 15.

ICM Corporate Services (Pty) Ltd (a subsidiary of ICM Limited) provided administration and other professional services to Somers for which Somers paid fees of £82,726 and this is included in "Audit and accounting fees" in the Consolidated Statement of Income.

THE BOARD OF DIRECTORS

The Company's directors' fees for the year ended September 30, 2024, amounted to £110,558.

Alasdair Younie held 39,461 USD 1.00 Somers loan notes which were repaid during the year.

David Morgan held 152,003 USD 1.00 Somers loan notes which were repaid during the year.

Morwill Ltd, a Company related to David Morgan, received fees for providing consultancy services to Somers of £35,494 for the year.

Peter Durhager held 165,249 USD 1.00 Somers loan notes which were repaid during the year.

18. RELATED-PARTY DISCLOSURES (continued)

OTHER RELATED PARTIES

ICM NZ Limited

ICM NZ bought 2,000,000 WT Financial Group Limited shares for Somers Limited through a bare trust agreement for AUD 132,500 (£67,986) and incurred interest of AUD 522 (£270) for the use of their facility during the year.

GPLPF

Somers entered into a loan facility with GPLPF and loaned GPLPF USD 2,500,000 (£1,861,396).

Somers incurred interest income of USD 5,274 (£3,939) on this loan during the year, of which USD 5,274 (£3,939) was receivable at year end.

Permanent Mutual Limited ("PML")

Somers made a stock loan of 3,000,000 Resimac shares to PML during the year.

The stock loan bore no interest.

Zeta

Somers entered into a loan facility with Zeta Energy. At year end the loan was fully repaid.

Somers incurred interest expense of USD 683,681 (£543,070) on this loan during the year, all of which was paid during the year.

19. RISK MANAGEMENT

The Company's investment objective is to maximise shareholders' returns by identifying and investing in investments when management believes the underlying value is not reflected in the market price.

The Company seeks to meet its investment objective by investing in a portfolio of listed and unlisted companies. Derivative instruments may be used for purposes of hedging the underlying portfolio of investments that are denominated in foreign currencies. The Company has the power to enter into short and long-term borrowings. In pursuing its objectives, the Company is exposed to financial risks. These financial risks are principally related to the market (currency movements, interest rate changes and security price movements), liquidity and credit and counterparty risk. The Board of Directors is responsible for the Company's risk management. The Directors' policies and processes for managing the financial risks are set out in (a) to (e) below.

(a) Market risks

The fair value of the financial securities held in the Company's portfolio fluctuate with changes in market prices. Market risk embodies currency risk, interest rate risk and price risk. Prices are affected by movements in currencies and interest rates and by other financial issues, including the market perception of future risks. The Company's investments may be materially affected by economic conditions in the global financial markets and those markets where Somers has material exposures. Capital and credit markets have experienced significant volatility and disruption over recent periods. Uncertainty created by market and economic conditions and a tightening of credit could lead to declines in valuations of financial securities without regard to the underlying financial condition of the issuer.

The Board sets policies for managing these risks within the Company's objectives and meets regularly to review full, timely and relevant information on investment performance and financial results. The Investment Manager assesses exposure to market risks when making each investment decision and monitors ongoing market risk within the portfolio. The Investment Manager consults with the Board of Directors on a quarterly basis, or more frequently as required.

The Company's other assets and liabilities may be denominated in currencies other than Sterling and may also be exposed to exchange rate risks. The Investment Manager and the Board regularly monitor these risks.

The Company does not normally hold significant cash balances. Borrowings are limited to amounts and currencies commensurate with the portfolio's exposure to those currencies, thereby limiting the Company's exposure to future changes in exchange rates.

Borrowings may be short or long term, in Sterling and foreign currencies, and enable the Company to take a long-term view of the countries and markets in which it is invested without having to be concerned about short term volatility. The Board regularly monitors the effects on net revenue of interest earned on deposits and paid on borrowings.

Currency exposure

Currency risk arises from the possibility that fluctuations in foreign currency exchange rates will affect the value of certain of the Company's assets and liabilities.

The Company maintains investments in Australian Dollars, Euros, US Dollars and other currencies, and may invest in financial instruments and enter into transactions denominated in currencies other than Sterling.

(Expressed in Sterling)

Currency exposure (continued)

When valuing investments that are denominated in currencies other than the functional currency, the Company is required to convert the values of such investments into its functional currency based on prevailing exchange rates as at the end of the applicable accounting period. Changes in exchange rates between the functional currency and other currencies could lead to significant changes in its net asset values that the Company reports from time to time and could subject such net asset values to favourable or unfavourable fluctuations. Among the factors that may affect currency values are trade balances, levels of short-term interest rates, differences in relative values of similar assets in different currencies, long term opportunities for investment and capital appreciation and political developments.

The Company may engage in currency hedging to limit the Company's exposure to currency fluctuations. Currency hedging by the Company may be by means of spot and forward foreign exchange contracts or options on such contracts or by using such other derivative instruments as may be available and having the same or similar effect.

The Investment Manager considers currency risk when making investments into non-Sterling denominated assets and monitors currency movements on an ongoing basis. The Investment Manager discusses its foreign currency policies with the Board of Directors on a regular basis and may choose to alter its asset allocation or currency risk strategies as a result.

At the reporting date the carrying value of the Company's financial assets and financial liabilities held in individual foreign currencies and the net exposure to foreign currencies were as follows:

2024	AUD	USD	EUR	Other	Total
Financial assets	120 203 730	28 914 740	11 948 754	9 595 227	170 662 451
Financial liabilities	(4 344 072)	(5 355 543)	-	(222)	(9 699 837)
Net financial assets	115 859 658	23 559 197	11 948 754	9 595 005	160 962 614

2023	AUD	USD	EUR	Other	Total
Financial assets	122 987 766	42 005 955	8 527 094	11 454 888	184 975 703
Financial liabilities	(6 667 907)	(49 547 850)	-	-	(56 215 757)
Net financial assets/(liabilities)	116 319 859	(7 541 895)	8 527 094	11 454 888	128 759 946

(Expressed in Sterling)

Based on the financial assets and financial liabilities held, and exchange rates applying, at the reporting date, a weakening or strengthening of Sterling against each of these currencies by 10% would have had the following approximate effect on income after tax and on net asset value (NAV) per share:

	AUD	USD	EUR	Other	Total
Strengthening of Sterling					
2024					
Decrease in net income	(11 585 966)	(2 355 920)	(1 194 875)	(959 501)	(16 096 262)
NAV per share	(0.48)	(0.10)	(0.05)	(0.04)	(0.67)
2023					
(Decrease)/increase in net income	(11 631 986)	754 190	(852 709)	(1 145 489)	(12 875 994)
NAV per share	(0.48)	0.03	(0.03)	(0.05)	(0.53)
Weakening of Sterling					
2024					
Increase in net income	11 585 966	2 355 920	1 194 875	959 501	16 096 262
NAV per share	0.48	0.10	0.05	0.04	0.67
2023					
Increase/(decrease) in net income	11 631 986	(754 190)	852 709	1 145 489	12 875 994
NAV per share	0.48	(0.03)	0.03	0.05	0.53

These analyses are broadly representative of the Company's activities during the current year as a whole, although the level of the Company's exposure to currencies fluctuates in accordance with the investment and risk management processes.

Interest rate exposure

The Company's exposure to changes in interest rates relates primarily to its £2,990,600 (2023: £7,105,364) of variable rate bank loans. Apart from its bank loans, the Company had no floating rate debt obligations at September 30, 2024 (2023: nil). The Company has incurred, and expects to continue to incur, indebtedness, to leverage certain investments. Due to the foregoing, the Company is, and believes that it will continue to be, exposed to risks associated with movements in prevailing interest rates. An increase in interest rates could make it more difficult or expensive to obtain debt financing, could negatively impact the values of fixed income investments, and could decrease the returns that investments generate or cause them to generate losses.

The Company is, and believes that it will continue to be, subject to additional risks associated with changes in prevailing interest rates due to the fact that its capital is invested in underlying portfolio companies whose capital structures may have a significant degree of indebtedness. Investments in leveraged companies are inherently more sensitive to declines in revenues, increases in expenses and interest rates and adverse economic, market and industry developments. A leveraged company's income and net assets also tend to increase or decrease at a greater rate than would be the case if leverage was absent. As a result, the risk of loss associated with an investment in a leveraged company is generally greater than for those companies with comparably less debt.

(Expressed in Sterling)

Interest rate exposure (continued)

External borrowings will only be undertaken if the Directors and the Investment Manager consider the prevailing interest rates to be favourable and that the terms and conditions attaching to such borrowings are acceptable, having regard to the investment objectives of the Company. As at September 30, 2024, the Company had bank loans of £2,990,600 (2023: bank loans and overdrafts of £39,605,363), and loans of £4,298,323 (2023: £28,797,589) with other entities.

The majority of the Company's assets that do have interest rate exposure are at fixed rates. Excess cash held by the Company may be invested in short term fixed deposit accounts that are rolled over on a regular basis. As a result, it is not significantly exposed to interest rate risk on its other assets and liabilities.

The exposure of the financial assets and liabilities to interest rate risks at 30 September 2024 and at 30 September 2023 is shown below:

	2024	2023
Exposure to floating rates:		
Financial assets	7 850 325	-
Financial liabilities	(2 990 600)	(7 105 364)
	4 859 725	(7 105 364)
Exposure to fixed rates:		
Financial assets	59 593 594	37 714 417
Financial liabilities	(4 298 323)	(79 932 034)
	55 295 271	(42 217 617)
Net exposures	60 154 996	(49 322 981)

An increase in 100 basis points in interest rates as at the reporting date would have increased net interest income by £48,597 (2023: decrease of £71,054). A decrease of 100 basis points would have decreased net interest income by £48,597 (2023: increase of £71,054).

As described above, a change in interest rates may impact the fair value of the Company's fixed rate debt instruments. At September 30, 2024 the Company had fixed rate debt instruments within its financial investments portfolio of £52,322,193 (2023: nil) and therefore an increase in 100 basis points in interest rates as at the reporting date would have an impact of £523,222 (2023: £nil) on gains on investments and NAV per share.

Exposure to other price risk

Other price risk is the risk that the value of the 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 that market. As many of the Company's financial instruments are carried at fair value with fair value changes recognised in the consolidated statement of income, such changes in market conditions will affect net gains/losses on investments and the Company's net asset value.

The valuation of unquoted investments depends upon a combination of market factors and the performance of the underlying assets. The Investment Manager monitors price risk and consults with the Board of Directors on a quarterly basis, or more frequently as the case may be. The impact on valuations of the Company's larger unquoted investments from changing certain unobservable inputs used in the Company's valuations, where the value is estimated by the Directors and Investment Manager, is presented in note 19 (d).

The portfolio of listed investments valued at £112,656,973 at 30 September 2024 (2023: £126,489,285) is exposed to market price changes. The Investment Manager assesses these exposures at the time of making each investment decision. These represent 44.32% (2023: 39.35%) of the Company's portfolio value as at September 30, 2024.

Price sensitivity risk analysis

A 20% decline in the market price of the listed investment held by the Company would result in an unrealised loss of £22,531,395 (2023: £25,297,857). A 20% appreciation in the market price would have the opposite effect. See note 19 (d) for unlisted investment sensitivity analyses.

(b) Liquidity risk exposure

The Company's financial instruments include investments in unlisted equity investments that are not publicly traded and therefore may be illiquid. As a result, the Company may not be able to liquidate some of its investments in these instruments at an amount close to their fair value, or in a timely manner, should such liquidation be necessary to meet liquidity requirements.

The risk of the Company having insufficient liquidity is not considered by the Board to be significant, given the increased but still relatively low level of leverage, the absence of outstanding undrawn commitments and other obligations and the amount of quoted investments held in the Company's portfolio.

The Company's exposure to liquidity risk is actively managed and monitored on an ongoing basis by the Investment Manager and by the Board. The Investment Manager frequently reviews upcoming capital requirements as well as potential exit and other monetisation events. Allocations to new investments take into consideration the near term capital needs within the Company's broader investment portfolio. Where the Investment Manager believes there may be upcoming liquidity requirements, it will take necessary action to ensure that adequate funds are made available.

(Expressed in Sterling)

The contractual maturities of financial assets and financial liabilities, based on the earliest date on which payment can be required, are as follows:

	2024			
	Three months or less	Three months to one year	More than one year	Total
Financial assets				
Cash and cash equivalents	572,040	-	-	572,040
Financial investments	2,879,597	-	49,442,596	52,322,193
Loans receivable	8,457,375	6,055,965	608,387	15,121,727
Interest receivable	165,745	-	1,490,350	1,656,095
Other assets	416,754	579,323	-	996,077
Total	12,491,511	6,635,288	51,541,333	70,668,132
Financial liabilities				
Interest bearing loans and borrowings	-	7,288,923	-	7,288,923
Loan notes	1,645,513	-	-	1,645,513
Interest payable	-	237,939	-	237,939
Other liabilities	532,395	-	-	532,395
Total	2,177,908	7,526,862	-	9,704,770

	2023			
	Three months or less	Three months to one year	More than one year	Total
Financial assets				
Cash and cash equivalents	468,841	-	-	468,841
Loans receivable	-	37,129,409	585,008	37,714,417
Interest receivable	475,164	-	-	475,164
Total	944,005	37,129,409	585,008	38,658,422
Financial liabilities				
Interest bearing loans and borrowings	5,536,600	17,719,701	42,139,638	65,395,939
Loan notes	-	18,634,445	-	18,634,445
Bank overdraft	-	3,007,014	-	3,007,014
Interest payable	993,888	-	-	993,888
Other liabilities	1,302,511	-	-	1,302,511
Total	7,832,999	39,361,160	42,139,638	89,333,797

Assets and liabilities with no contractual maturity are not included in this table.

(c) Credit risk and counterparty exposure

The Company is exposed to potential failure by counterparties to deliver securities for which the Company has paid, or to pay for securities which the Company has delivered. The Company's overall credit risk is managed by the Board of Directors. The Board approves all counterparties used in such transactions, which must be settled on a basis of delivery against payment (except where local market conditions do not permit). Cash and deposits are held with reputable banks.

The Company is exposed to the risk of non-payment of loans and debt securities provided to investee companies. Generally, no collateral is received from the underlying companies. It is believed that the risk of default is low, and the capital repayments and interest payments will be made in accordance with the agreed terms and conditions. Please refer to note 6 for further information relating to ECL.

The Company's principal custodians are BCB and JP Morgan Chase. The Company has an ongoing contract with BCB for the provision of custody services and also uses JP Morgan Chase to specifically custody its listed investments. Details of securities held in custody on behalf of the Company are received and reconciled monthly.

To the extent that ICM carries out transactions (or causes transactions to be carried out by third parties) on the Company's behalf, the Company is exposed to counterparty risk. The Board manages this risk regularly through meetings with ICM.

Maximum exposure to credit risk

The Company has loan assets totalling £15,121,727 (2023: £37,714,417), bank balances totalling £572,040 (2023: £468,841) and interest receivable £1,656,095 (2023: £475,164) that are exposed to credit risk.

(d) Fair values of financial assets and liabilities

The assets and liabilities of the Company are, in the opinion of the directors, reflected in the statement of financial position at fair value. Borrowings under loan facilities do not have a value materially different from their capital repayment amount. Borrowings in foreign currencies are converted into Sterling at exchanges rates ruling at each valuation date.

Unquoted investments are valued based on professional assumptions and advice that is not wholly supported by prices from current market transactions or by observable market data. The Directors make use of recognised valuation techniques and may take account of recent arms' length transactions in the same or similar investments. Details of the valuation process for unquoted investments are set out below.

Valuation of financial instruments

The table below analyses financial assets measured at fair value at the end of the year by the level in the fair value hierarchy into which the fair value measurement is categorised:

Level 1 The fair values are measured using quoted prices in active markets.

Level 2 The fair values are measured using inputs, other than quoted prices, that are included within level 1, that are observable for the asset.

Level 3 The fair values are measured using inputs for the asset or liability that are not based on observable market data. The Directors make use of recognised valuation techniques and may take account of recent arms' length transactions in the same or similar investments.

The Directors regularly review the principles applied by the Investment Manager to those valuations to ensure they comply with the Company's accounting policies and with fair value principles.

Financial Investments at Fair Value through Profit or Loss

Financial assets at Fair Value through Profit or Loss that are valued in accordance with IFRS 13, using valuation techniques include unquoted equity securities. The Company adopts valuation methodologies based on the International Private Equity and Venture Capital ("IPEV") valuation guidelines and the assets are valued using models that use both observable and unobservable data. The unobservable inputs to the models include assumptions regarding the future financial performance of the investee, its risk profile, and economic assumptions regarding the industry, and geographical jurisdiction in which the investee operates.

Level 3 financial instruments

Valuation methodology

The objective of using valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

The Company uses proprietary valuation models, which are compliant with IPEV guidelines and IFRS 13 and which are developed from recognised valuation techniques. Some or all of the significant inputs into these models may not be observable in the market and are derived from market prices or rates or are estimated based on assumptions. Valuation models that employ significant unobservable inputs require a higher degree of management judgement and estimation in the determination of fair value. Management judgement and estimation are usually required for the selection of the appropriate valuation model to be used, determination of expected future cash flows of the financial instrument being valued, determination of the probability of counterparty default and prepayments, peer group multiple and selection of appropriate discount rates.

Fair value estimates obtained from such models are adjusted for any other factors, such as controlling interest, illiquidity, historical and projected financial data, entity specific strengths and weaknesses, or model uncertainties, to the extent that the Company believes that a third party market participant would take them into account in pricing a transaction. Where appropriate, the Directors may also engage the services of a third party valuation firm to assist with valuing certain assets.

The Directors have satisfied themselves as to the methodologies used, the discount rates and key assumptions applied, and the estimated valuations at September 30, 2024. The Level 3 assets comprise a number of unlisted investments at various stages of development and each has been assessed based on its industry, location, and place in the business cycle. Where sensible, the Directors have taken into account observable data and events to underpin the valuations. Unlisted valuations which are based on observable data may be discounted to reflect the illiquid nature of the investment. These discounts have ranged between nil and 30% depending on the nature and characteristics of each investment.

Level 3 inputs are sensitive to assumptions made when ascertaining fair value and the following section details the sensitivity of valuations to variations in key inputs. The level of change selected is considered to be reasonable, based on observation of market conditions and historic trends. For each unlisted holding valued over 1% of the total investment portfolio, the significant valuation inputs have been sensitised by a percentage deemed to reflect the relative degree of estimation uncertainty.

The key inputs and assumptions used in the valuation models are as follows:

Unlisted companies

Sabrina Topco (referred to as L&C Waverton)

Somers sold a portion of Waverton during the year as part of a merger deal with London and Capital Group. Following the transaction Somers now holds a 15.0% equity interest in the enlarged wealth and asset management group, Sabrina Topco Limited (referred to as L&C Waverton). Somers holding consists of 12% preferred loan notes valued at £46.7 million and 471,579 L&C Waverton ordinary shares valued at £3.1 million for a combined investment valuation at September 30, 2024 of £49.8 million.

Valuation Methodology: The preferred loan notes have been valued using a discounted cash flow ("DCF") methodology utilising expected cashflows discounted at appropriate rates to reflect the value of the business. Expected cashflows have been modeled using a multiple of Assets under Management ("AuM") derived from comparable quoted companies. The ordinary shares have been valued based off a multiple of L&C Waverton's AuM.

Key valuation inputs: AuM multiple of 2.4%. Discount rate of 12.0%.

Sensitivities: We have chosen to sensitise the AuM multiple input as this input involved the most significant judgement when estimating valuation, including which comparable companies to consider and prioritise. L&C Waverton's valuation also includes other unobservable inputs, including AuM. Should the peer group multiple ascribed to L&C Waverton's AuM be reduced/increased by 0.2% the (loss)/gain in valuation would be (£5.1 million)/£4.8 million.

ICM Mobility (including direct holding in Snapper Services)

Somers holds a 39.8% equity interest in ICM Mobility (2023: 39.8%) and a 17.0% direct holding in Snapper Services (2023: 17.0%) and, as at September 30, 2024, Somers carried these investments at £34.4 million (2023: $32.2 million). ICM Mobility holds the remaining 83.0% of Snapper Services within its investment portfolio. Somers also has a convertible loan receivable from ICM Mobility of £2.9 million, as at September 30, 2024 (2023: £1.7 million).

Valuation methodology: Somers has used ICM Mobility's portfolio NAV. ICM Mobility's portfolio is focused in the transit payments sector and its NAV was valued using valuation techniques consistent with IFRS and is subject to annual audit. The Directors considered ICM Mobility's sector and current market turbulence, in ICM Mobility's portfolio valuations and assessed that the valuation uncertainty was at a medium level. As at September 30, 2024 ICM Mobility's investment portfolio was heavily concentrated, and all its holdings were valued using valuation techniques. The valuation methodologies employed by ICM Mobility consisted predominantly of peer group earnings and revenue multiples with most of the entity's investments valued using these methodologies. Earnings and revenue were considered over historic, current and forecast periods. Its portfolio holdings were also heavily weighted towards the growth stage of their business life cycles resulting in a higher degree of management judgement and estimation in the determination of their fair value. ICM Mobility's fair value has been given a sensitivity of 20% to reflect a higher level of uncertainty over the managers valuations of ICM Mobility's portfolio.

Valuation inputs: Market value for portfolio of investments. Discount to NAV for the lack of marketability and restrictions on redemption is nil.

Sensitivities: Should the total value of ICM Mobility investments (£37.3 million) move by 20% the gain or loss would be £7.5 million.

PIL

Somers acquired a 100% equity interest in Permanent Investments Limited ("PIL") during the period and, as at September 30, 2024, carried this investment at £5.9 million.

Valuation Methodology: Somers has used PIL's portfolio NAV. The portfolio consists of one investment in the transit payments sector and its NAV was valued using valuation techniques consistent with IFRS. The valuation methodology used by PIL was peer group revenue multiples. Revenue were considered over historic, current and forecast periods. PIL's fair value has been given a sensitivity of 20% to reflect a higher level of uncertainty over the managers valuation of the single portfolio investment.

Valuation inputs: Market value of investment. Discount to NAV for the lack of marketability and restrictions on redemption is nil.

Sensitivities: Should the value of PIL move by 20% the gain or loss would be £1.2 million.

AKJ

Somers has an equity investment in AK Jensen Group Limited ("AKJ") and also holds an investment in AKJ tokens both directly and indirectly through its holdings of AKJ and AKJT Holdings Limited ("AKJT").

AKJ Token Securities and AKJT

Somers holds 75 million AKJ token securities (2023: 75 million) issued by AKJT and, as at September 30, 2024, carried this investment at £9.2 million (EUR 11.1 million) (2023: £6.5 million (EUR 7.5 million)). Somers also holds further AKJ Tokens indirectly through its 22.1% equity interest in AKJT who in turn hold AKJ Tokens in treasury. Somers carries its investment in AKJT at £5.4 million (USD 7.3 million) (2023: £822 (USD 1,003)).

Valuation Methodology: Somers values these tokens by applying a discount to recent transaction prices. Investors and hedge fund managers on the AKJ platform have been buying AKJ tokens at EUR 0.37 but the volume held by Somers would likely see a discount driven by lower liquidity opportunities and reduced fee discount benefits held by these hedge fund managers. Somers values these tokens at EUR 0.148 per token.

Valuation inputs: Price of recent transaction of EUR 0.37 per token.

Sensitivities: The nature of these assets and the volatility experienced in the fair values of crypto assets is such that the Directors do not consider it possible to predict a reasonably possible shift in these assets' values over a period of 12 months. Accordingly, a reliable sensitivity analysis showing how profit or loss would be impacted by a reasonably possible shift in the value of crypto assets is not considered feasible. Nevertheless, the Directors note that a 10% increase/decline in the value of these securities would result in a gain/loss in valuation of £1.5 million which would be recognised in profit or loss. Similarly, a 50% increase/decline in the value of these securities would result in a gain/loss in valuation of £7.3 million.

AKJ equity

Somers holds a 37.1% equity interest in AKJ (2023: 33.9%) and, as at September 30, 2024, carried this investment at £8.4 million (USD 11.3 million) (2023: £5.1 million (USD 6.2 million)).

Valuation Methodology: AKJ has been valued based on comparable quoted companies and in particular a multiple of revenue.

Key valuation inputs: Revenue multiple of 1.9 times (2023: 1.5). Unlisted discount applied of 30% (2023: 30%).

Sensitivities: Should the peer group multiple ascribed to AKJ's revenue be reduced/increased by 0.5 the change in valuation would be £1.7 million (USD 2.3 million).

Mana Capital

Somers holds a 20.0% equity interest in Mana Capital (2023: 20.0%) and, as at September 30, 2024, carried this investment at £3.0 million (NZD 6.3 million) (2023: £3.4 million (NZD 6.8 million)).

Valuation Methodology: Mana Capital is a New Zealand operating lease provider and lends primarily to New Zealand government departments as well as New Zealand corporates. Mana Capital has a unique product offering making it difficult to identify a strong set of closely comparable peer companies. Accordingly, the Directors chose to value Mana Capital using a discounted cash flow ("DCF") methodology utilising maintainable earnings discounted at appropriate rates to reflect the value of the business. Due to the subjective nature of DCF valuations, the Directors crosschecked the carrying value by applying the Company's historical residual value realisation ratio to the residual value of the Company's lease assets.

Key valuation inputs: Discount rate of 13.1%.

Sensitivities: Should the discount rate used in the DCF be reduced/increased by 3% the change in valuation would be £0.5 million (NZD 1.0 million).

Aura

Somers holds a 16.4% equity interest in Aura (2023: 16.4%) and, as at September 30, 2024, carried this investment at £3.2 million (AUD 6.2 million) (2023: £3.3 million (AUD 6.3 million)).

Valuation Methodology: Aura has been valued based on comparable quoted companies and in particular a multiple of revenue.

Key valuation inputs: Revenue multiple of 2.5 times (2023: 2.9).

Sensitivities: On account of Aura's unique product mix, it was difficult to identify a strong set of closely comparable peer companies for Aura and a higher level of judgement was used in the selection of the multiple. Accordingly, Aura's fair value has been given a higher sensitivity to reflect a higher level of uncertainty over the revenue multiple. Should the peer group multiple ascribed to Aura's revenue be reduced/increased by 1.0 the change in valuation would be £1.1 million (AUD 2.2 million).

Adminis

Somers holds a 37.9% equity interest in Adminis (2023: 32.2%) and, as at September 30, 2024, carried this investment at £3.4 million (NZD 7.1 million) (2023: £2.1 million (NZD 4.2 million)).

Valuation Methodology: Adminis has been valued based on comparable quoted companies and in particular a multiple of revenue. This was a change in methodology from the previous period, where Adminis was valued using price of recent transaction.

Key valuation inputs: Revenue multiple of 1.9 times.

Sensitivities: Should the peer group multiple ascribed to Adminis's revenue be reduced/increased by 0.5 the change in valuation would be £0.8 million (NZD 1.6 million).

Thorn

Thorn was delisted from the Australian Stock exchange in the period. Somers holds a 100% equity interest in Thorn (2023: 49.1%) and, as at September 30, 2024, carried this investment at £3.2 million (AUD 6.2 million).

Valuation Methodology: Thorn is valued based on its NAV per share.

Key valuation inputs: Market values of its assets and liabilities. Discount to NAV for marketability and restrictions on redemption is nil.

Sensitivities: Should the value of Thorn move by 20% the gain or loss would be £0.6 million.

(Expressed in Sterling)

Toranatec Ltd

Somers acquired a 9.2% equity interest in Toranatec Ltd ("Toranatec") during the year and, as at September 30, 2024, carried this investment at £2.6 million (JPY 499.8 million).

Valuation Methodology: Toranatec has been valued using price of recent transaction adjusted for events since the transaction.

Key valuation inputs: Price of recent transaction of JPY 112,434 per share.

Sensitivities: On account of the close proximity of the recent transaction to the valuation date, we have sensitised this investment by 10%. Should the valuation of Toranatec move by 10% the gain or loss in valuation for Somers would be £0.3m.

FinClear Holdings Ltd

Somers holds a 1.14% equity interest in FinClear Holdings Ltd ("FinClear") (2023: 0.6%) and, as at September 30, 2024, carried this investment at £2.1 million (AUD 4.1 million).

Valuation Methodology: FinClear has been valued using price of recent transaction adjusted for events since the transaction.

Key valuation inputs: Price of recent transaction of AUD 10.50 per share.

Sensitivities: On account of the close proximity of the recent transaction to the valuation date, we have sensitised this investment by 10%. Should the valuation of FinClear move by 10% the gain or loss in valuation for Somers would be £0.2m.

Other

Valuation Methodology: Somers has a further twelve unlisted investment holdings with values ranging from nil to £1.5 million. These were valued using a variety of methods, including; fair value of the underlying net assets, and cost of recent investments; adjusted for events subsequent to acquisition that impact fair value. The total value of these twelve holdings was £8.0 million at September 30, 2024 (2023: eleven holdings with a value of £6.8 million).

Sensitivities: Should the value of all these lower valued investments move by 10.0%, this would have an impact on the investment portfolio value of £0.8 million or 0.4%.

The following table shows an analysis of financial investments recorded at fair value by level of the fair value hierarchy:

	2024			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Equity securities	111 561 515	1 095 458	79 955 129	192 612 102
Convertible loan notes	-	-	5 635 872	5 635 872
Loan notes	-	-	46 686 321	46 686 321
Other financial investments	-	-	9 241 553	9 241 553
Total	111 561 515	1 095 458	141 518 875	254 175 848

	2023			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Equity securities	126 461 607	27 678	188 580 340	315 069 625
Other financial investments	-	-	6 500 090	6 500 090
Total	126 461 607	27 678	195 080 430	321 569 715

(Expressed in Sterling)

Movement in Level 3 financial instruments measured at fair value:

	Equity securities	Convertible loan notes	Loan notes	Other financial investments	Total
Financial assets at fair value through profit or loss					
Balance as at 1 October 2022	165 916 211	-	-	6 597 413	172 513 624
Unrealised losses	(19 734 811)	-	-	(97 323)	(19 832 134)
Purchases	51 659 244	-	-	-	51 659 244
Disposals	(17 921 894)	-	-	-	(17 921 894)
Transfer between levels	8 661 590	-	-	-	8 661 590
Balance as at September 30, 2023	188 580 340	-	-	6 500 090	195 080 430
Unrealised gains/(losses)	10 376 469	(85 162)	-	2 741 463	13 032 770
Realised gains	4 204 552	-	-	-	4 204 552
Purchases	27 623 786	7 527 584	46 686 321	-	81 837 691
Disposals	(142 053 103)	(4 087 947)	-	-	(146 141 050)
Return of capital	(19 047 065)	-	-	-	(19 047 065)
Reclassification from loans receivable	-	2 281 397	-	-	2 281 397
Transfer between levels	10 270 150	-	-	-	10 270 150
Balance as at September 30, 2024	79 955 129	5 635 872	46 686 321	9 241 553	141 518 875

During the year ended September 30, 2024 investments with a fair value of £10.3 million (2023: £8.7 million) were transferred from Level 1 to Level 3 due to the investments being delisted. Investments with a fair value of £27.7 thousand (2023: £5.4 million) were transferred from Level 2 to Level 1 because of increases in the level of trading in these listed securities. Investments with a fair value of £336.6 thousand (2023: nil) were transferred from Level 1 to Level 2 because of decreases in the level of trading in these listed securities. There were no other transfers between fair value levels for the year ended September 30, 2024.

There were no Level 3 financial liabilities held during the years ended September 30, 2024 and September 30, 2023.

(e) Reliance on Investment Manager

The Company relies on the Investment Manager and its ability to evaluate investment opportunities and to provide oversight of the management of the Company's investee companies. The Investment Manager exercises a central role in the investment decision making process. Accordingly, the returns of the Company will depend on the performance of the Investment Manager.

20. EVENTS AFTER REPORTING DATE

On October 1, 2024, Somers entered into a loan agreement whereby Somers borrowed AUD 10.0 million from Resimac. The loan incurs interest at 10% and is repayable on March 31, 2025.

On October 9, 2024, Somers entered into a loan facility agreement with UIL to lend AUD 17.4 million. The loan earns interest at 10.5% and is repayable on October 31, 2025. To date AUD 15,112,196 has been drawn from this facility.

There have been no other significant events or transactions from September 30, 2024 to the date that these consolidated financial statements were available for issuance that require adjustments to or disclosures in the consolidated financial statements.