FINANCIAL SERVICES OPPORTUNITIES INVESTMENT FUND LIMITED
ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS

For the year ended 31 December 2022

FINANCIAL SERVICES OPPORTUNITIES INVESTMENT FUND LIMITED

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MANAGEMENT AND ADMINISTRATION
For the year ended 31 December 2022

DIRECTORS
Mel Carvill (Non-executive Chairman)
Fintan Kennedy (Non-executive Director)
Peter Gillson (Non-executive Director)

The address of the Directors is the registered office of the Company.

REGISTERED OFFICE
(Effective 13 February 2023)
1 Royal Plaza
Royal Avenue
St Peter Port
Guernsey
GY1 2HL

ADMINISTRATOR, REGISTRAR, LISTING SPONSOR AND SECRETARY
Sanne Fund Services (Guernsey) Limited
1 Royal Plaza
Royal Avenue
St Peter Port
Guernsey
GY1 2HL

INDEPENDENT AUDITOR
Grant Thornton Limited
St James Place
St James Street
St Peter Port
Guernsey
GY1 2NZ

INVESTMENT MANAGER
Ravenscroft Specialist Fund Management Limited
P.O. Box 222
20 New Street
St Peter Port
Guernsey
GY1 4JG

REGISTRATION NUMBER: 62421

CHAIRMAN'S REPORT

For the year ended 31 December 2022

After the uncertainty and difficulties brought about by the COVID-19 pandemic, 2022 presented new challenges for the Fund's portfolio in the form of rising interest rates and costs, inflationary pressures and reduced consumer confidence.

However, I am pleased to report that the two largest investments in the portfolio, Oak Group Limited ("Oak Group") and PraxisIFM Group Limited ("PraxisIFM") in particular, have proven to be resilient and have made incremental progress over the year. The Manager's report sets out more details on the individual companies' performance.

The Fund's published NAV per share as at 31 December 2022 was 107.84p (2021: 116.36p), a reduction of 8.52p (7.32%) over the financial year and 7.84% above its value on launch.

In February 2022, PraxisIFM announced a tender offer to return £40m to its shareholders following the sale of its Fund Services Division to Sanne Holdings Limited. The Fund participated in the tender, receiving £8.6m. The Fund was then pleased to execute a similar tender offer in July 2022, returning £3.97m to shareholders and reducing the Fund's issued share capital to 51,093,750 ordinary shares in the process.

The Fund also used some of the remaining proceeds from the PraxisIFM tender to repay the remaining balance of its revolving credit facility with Investec Bank (Channel Islands) Limited, leaving the fund debt free.

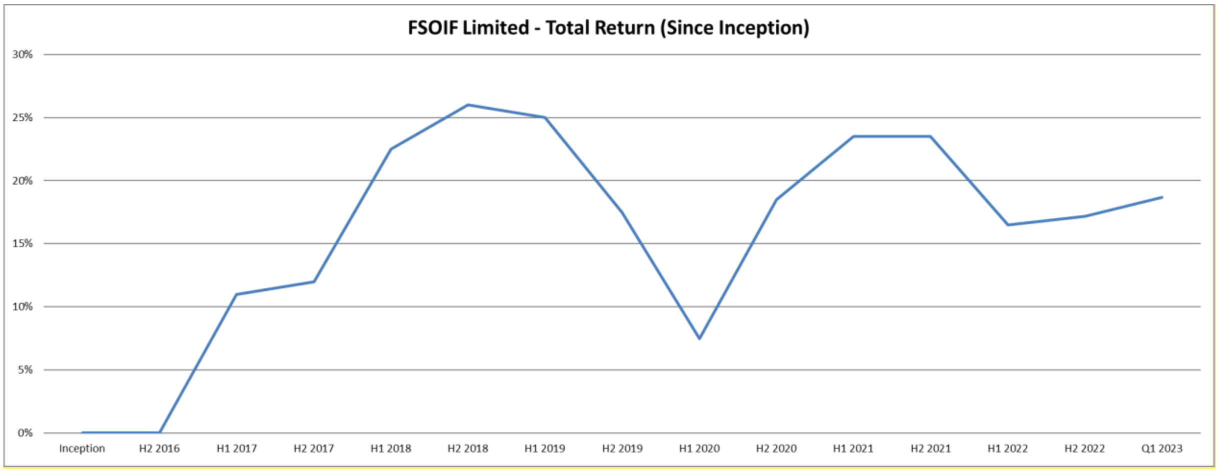
The pandemic had a significant impact on the portfolio companies in 2020 and 2021, with travel restrictions making it harder for them to convert new business opportunities and clients naturally being more cautious about taking on new project expenditure. It is therefore pleasing to hear the portfolio companies reporting that new business take-on has increased over the course of 2022 and that clients are once again engaging in new projects. The management teams have been actively employing strategies to navigate the fresh challenges posed by increasing inflation and global economic uncertainty.

As the Manager will report in more detail, the Fund's cornerstone investments have been embarking on a journey of consolidation and transformation in order to improve efficiencies, reduce costs and improve their client offerings. Both Praxis and Oak Group have completed the first year of their three-year process and we are encouraged by the results achieved to date. The Board and the Manager continue to support the management teams of both businesses as they implement their new strategies and we look forward to seeing the businesses evolve and grow over the coming years.

Having announced an intention to declare a dividend at the Fund's annual general meeting in November 2022, the Board was delighted to pay a 1.5p dividend to shareholders on 13 March 2023. The graph below shows the total returns to shareholders from the launch of the Fund to March 2023.

CHAIRMAN'S REPORT (CONTINUED)

For the year ended 31 December 2022



The Board and the Manager continue to offer their support to, as well as challenge where necessary, the management of the investee companies to achieve the best performance possible for their businesses and to maximise returns to the Fund. We also continue to source and evaluate opportunities to realise the Fund's investment objective of achieving long term capital growth and an income stream for shareholders.

I would like to thank the Fund's shareholders for their continued support, as well as my fellow Directors and the Manager.

Mel Carvill
Chairman

INVESTMENT MANAGER'S REPORT

For the year ended 31 December 2022

Published Net Asset Value ("NAV") as at 31 December 2022 was 107.84p per share (31 December 2021: 116.36p per share).

Net Asset Value ("NAV") per the Statement of Financial Position as at 31 December 2022 was 107.84p per share (31 December 2021: 117.23p per share).

Current share price: **105 - 115p**

Performance overview

Ravenscroft Specialist Fund Management Limited (the "Manager") is pleased to report on the 2022 financial year for Financial Services Opportunities Investment Fund Limited (the "Fund").

It has been a year of further consolidation and integration within the Fund's two cornerstone investments, Oak Group Limited ("Oak Group") and PraxisIFM Group Limited ("Praxis"). Both companies have been focusing on growing their service offering and streamlining their cost base with a view to becoming more profitable and securing their positions as prominent service providers within the market.

In July 2022, the Fund completed a tender offer, reducing the number of shares in issue by 3.4m and returning £3.97m to shareholders, following the completion of the sale by Praxis of its Fund Services division and the subsequent tender offer to return £40m to its investors.

On 2 March 2023, the Board declared a dividend of 1.5p per share which was paid on 13 March 2023.

As at 31 December 2022, the published NAV of the Fund was £55.1m which equated to a reduction of 13.76% during the period and is 7.84% above the Fund's launch price. When total dividends paid to date are included, this equates to a total increase in the NAV of 18.68% on its launch value.

Portfolio review

Oak Group

Oak Group is a private client, corporate services and fund administration business formed through the consolidation of four carefully selected businesses, which together bring a collective 60 years of operations. The Group has operations in Guernsey, Jersey, the Isle of Man and Mauritius and is also able to provide corporate and fund services in Luxembourg through its joint venture arrangement with Fiducenter S.A. Oak Group employs approximately 200 staff across its operations.

Oak Group is one year into an ambitious three-year programme of integration and growth which seeks to achieve a cultural, operational and commercial transformation of the business.

During the year, Oak Group commenced the implementation of a group-wide tech-based administration system. The project will be completed later in 2023, at which point all offices will operate from a single technology platform using a single administration software solution.

This is a key element in allowing the modernisation and digitisation of Oak Group's processes to unlock operating model efficiencies and ready the business to scale quickly through organic and inorganic growth.

The business has taken steps towards streamlining its operating model. The Maltese back office has been fully wound down and roles and responsibilities transferred to Mauritius. The Mauritius subsidiary will shortly move into new, modern premises with space for up to 80 staff as the island becomes the focus of the Group's back office operations.

Portfolio review (continued)

Oak Group (continued)

As part of its growth strategy, Oak Group implemented a digital marketing strategy, which has seen the business refresh its brand and hugely increase its online presence on channels such as LinkedIn and Google.

New senior hires into the Guernsey and Jersey fund businesses, including the new Managing Director of Oak Funds, James Tracey, have helped drive a steady stream of new business enquiries and new client conversions. The Jersey funds division continues to be a market leader in the establishment and administration of Jersey Private Investment Fund structures. During the year this division also secured one of Oak Group's largest single mandates won since its inception, with a value of c.£300k per annum, which started delivering revenue during the latter part of 2022.

The Group finished its financial year to 31 March 2022 with audited revenues of £20.3m and the Group is confident of continued organic growth. Progress against budget for the first ten months of Oak Group's current financial year has largely been positive with the Group on budget for underlying EBITDA up to 31 December 2022. The Group has slightly dropped below in January 2023 due to some delays in onboarding new clients but expects to come in around 7% behind its budget for the year.

Oak Group comprised 67.70% of the Fund's published NAV as at 31 December 2022.

Praxis

Praxis is an independent financial services group, headquartered in the Channel Islands, which provides global professional administration services across the Private Wealth, Corporate Services and Pensions Administration sectors.

Over the reporting period, Praxis' share price on The International Stock Exchange fell from a bid price of £1.45 as at 31 December 2021 to £1.10 as at 31 December 2022.

As previously reported, the Fund received £8.64m in cash from Praxis in March 2022 through its tender offer for shares following of the sale of Praxis' fund services division. This reduced the Fund's interest in Praxis from 16.1% to 14.39%.

Praxis is also embarking on a three year plan to grow its core services, increase efficiency and align the quality and interests of its people with the company's stakeholders. A key focus for 2022 was to redefine the group's operating model and structure, reducing the cost base to an appropriate level for the size of the business.

The company is also looking to implement systems and processes to increase efficiency and enhance levels of client service. Praxis recently went through a rebranding exercise to boost brand recognition and present itself as a leader in the private wealth and corporate services sectors.

After a challenging couple of years, the business is now showing positive signs of growth with increasing revenue and profit margins. It delivered £23.6m of revenue for the 6 months to 30 June 2022 and £2.8m of underlying EBITDA, an increase on the approximate run rate for the prior 6 months (revenue of £22.9m and underlying EBITDA of £2.25m).

Portfolio review (continued)
Praxis (continued)

On 28 September 2022, the Board declared an interim dividend of 1.25p per share and announced its intention to adopt a progressive dividend strategy, whereby the dividend will grow in line with the company's adjusted EBITDA. Going forward, the interim dividend will be set at 50% of the total dividend paid for the previous financial year.

It is likely to take some time before the real impact of the business' new strategy shows through in any meaningful financial way but the Manager is encouraged by the early signs, which are promising.

The Fund's 14.39% interest in Praxis comprised 24.69% of the Fund's published NAV as at 31 December 2022.

Enhance Group Limited ("Enhance")
Enhance has had a challenging last couple of years, with COVID restrictions limiting its ability to develop and convert its new business pipeline and therefore impacting revenue generation. However, Manager is pleased to report that the business delivered a strong financial performance over 2022, generating £3.04m of revenue in 2022, up 15.4% on the prior year and EBITDA of £353k.

Portfolio revenues were down as a result of the subdued global markets. This was more than offset, however, by new business wins and increased consultancy work as clients seek to commence or restart projects delayed by the pandemic. The business has bolstered its client relationship team and this is helping to convert more of the new business pipeline.

The Manager is confident that management can build on its performance in 2023 and deliver further growth in the business.

As at 31 December 2022, the Fund held 38% of the ordinary shares in issue in Enhance, along with £514k in preference shares. Enhance comprised 3.74% of the Fund's published NAV as at 31 December 2022.

Next Generation Holdings Limited ("NextGen") and Next Gen Worldwide Limited ("NGW")
The Fund has a 50% holding in NextGen, a joint venture with the former CEO of a multinational insurance company, which is in turn, the majority stakeholder in NGW. NGW is the sole owner of Ambon Insurance Brokers Limited, formerly AFL Insurance Brokers Limited ("Ambon"), a UK-based Lloyds broker in run-off.

As highlighted previously, the Group is continuing with the orderly break-up of assets whilst overseeing the solvent wind-down of Ambon itself and the receipt of deferred considerations due on its previous asset sales.

It continues to explore all possible avenues with regards to the overstatement of historical profits in Ambon by the previous owners. The court case is expected to reach a conclusion this year with the trial scheduled to take place in June 2023.

NextGen and NGW comprised 2.13% of the Fund's published NAV as at 31 December 2022

INVESTMENT MANAGER'S REPORT (CONTINUED)
For the year ended 31 December 2022

Portfolio review (continued)
CORVID Holdings Ltd ("CORVID")
CORVID wholly owns a subsidiary business, Corvid Protect Holdings Limited ("Protect").

Ultra Electronics Holdings plc ("Ultra"), the parent company and main customer of Protect, was acquired by a wholly owned indirect subsidiary of Cobham Group Holdings Limited ("Cobham") on 28 July 2022 by way of a court sanctioned scheme of arrangement. The shares of Ultra were de-listed from the London Stock Exchange on 2 August 2022.

The Manager maintains communication with CORVID's management, with a view to receiving further detail about the future vision for Protect following the acquisition by Cobham soon.

The Fund's 5% holding in CORVID comprised 0.14% of the Fund's published NAV as at 31 December 2022.

Future Opportunities
The Manager continues to evaluate potential opportunities, both for the Fund and via its investee companies.

Environmental, Social and Corporate Governance ("ESG")
The Manager incorporates ESG issues into its investment analysis and seeks appropriate Disclosures on ESG issues by the entities into which the Company invests. The Manager, as a member of the Ravenscroft Group, became a signatory to the UN Principles for Responsible Investment on 3 July 2020. The six principles are voluntary and aspirational and offer a menu of possible actions for incorporating ESG matters into investment practice with the aim of contributing to the development of a more sustainable global financial system. Details of Ravenscroft Group's commitment to responsible investing can be found on its website: https://www.ravenscroftgroup.com/.

Conclusion
The Manager is encouraged by the progress made by Oak Group and Praxis over the past year, after the challenges posed by the last couple of years. It is pleasing to see that new business take-on and demand for services is increasing again.

With a number of the portfolio companies going through a period of consolidation and transformation, the Manager looks forward to seeing these new strategies come to fruition and the benefits that they will likely bring.

Together with the Board, the Manager remains committed to ensuring the active management of the investment portfolio and continues to work with the principals of the respective businesses and their management teams so as to deliver the best possible return on investment for the Fund and its shareholders.

Ravenscroft Specialist Fund Management Limited
26 June 2023

DIRECTORS' REPORT
For the year ended 31 December 2022

The Directors of Financial Services Opportunities Investment Fund Limited (the "Company") are pleased to present herewith their annual report and audited financial statements (the "Financial Statements") for the year ended 31 December 2022.

The Company

The Company is a Guernsey registered closed-ended investment company which was incorporated under the Companies (Guernsey) Law, 2008 on 30 August 2016 with registration number 62421. On 7 October 2016 the Company was admitted to The International Stock Exchange ("TISE").

Results and Dividends

The Statement of Comprehensive Income for the year ended 31 December 2022 is set out on page 17. The loss and total comprehensive loss for the year ended 31 December 2022 amounted to £4,528,643 (31 December 2021: profit and total comprehensive income £2,367,598). No dividends were declared by the Board of Directors during the year (31 December 2021: no dividends).

On 2 March 2023, the Board of Directors announced that the Company will pay a dividend to Ordinary Shareholders at 1.5 pence per share with a payment date of 13 March 2023.

Directors

The Directors, all of whom are non-executive Directors, are listed on page 1.

Directors' Interests

The shareholdings of the Directors in the Company at 31 December 2022 were as follows:

	31 December 2022		31 December 2021	
Name	**Number of Shares**	**Percentage**	**Number of Shares**	**Percentage**
Mel Carvill (Chairman)	1,118,906	2.13%	1,160,000	2.13%
Peter Gillson	562,500	1.10%	600,000	1.10%
Fintan Kennedy	42,187	0.08%	45,000	0.08%

At the date of this report, Mel Carvill and Peter Gillson held 70,000 shares (31 December 2021: 70,000 shares), and 25,000 shares (31 December 2021: 25,000 shares), respectively in the ultimate parent company of the Investment Manager.

Going Concern

The Board of Directors have assessed the financial position of the Company as at 31 December 2022 and the factors that may impact its performance (including the potential impact on markets and supply chains of geo-political risks such as the current crisis in Ukraine and continuing macro-economic factors and inflation) in the forthcoming year. The Directors note that the Company's portfolio has not been materially adversely affected in terms of value or cashflows by the current crisis in Ukraine.

The Company participated in the tender offer by PraxisIFM in February 2022, tendering 5,762,332 shares for a total amount of £8,643,499 and reducing its shareholding in PraxisIFM to 12,369,522 shares. The Company then used £2,500,000 of the proceeds received from Praxis IFM to repay its revolving credit facility with Investec in full in May 2022. The Board of Directors has reviewed cashflow forecasts for the next twelve months and, after making appropriate enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the next 12 months after the signing date of the Financial Statements. Accordingly, the Directors continue to adopt the going concern basis in preparing these Financial Statements.

DIRECTORS' REPORT (CONTINUED)

For the year ended 31 December 2022

Directors' Responsibilities Statement

The Companies (Guernsey) Law, 2008 requires Directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these Financial Statements the Directors are required to:

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

The Directors are responsible for the keeping of proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the Financial Statements comply with the Companies (Guernsey) Law, 2008 and the principal documents. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud, error and non-compliance with law or regulations.

The Directors confirm that they have complied with the above requirements in preparing the Financial Statements.

Disclosure of information to the auditor

The Directors make the following statement:

- so far as the Directors are aware, there is no relevant audit information of which the Company's auditor is unaware; and
- that all steps have been taken by the Directors to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Corporate Governance

The Finance Sector Code of Corporate Governance (the "Code") was issued by the Guernsey Financial Services Commission, published in September 2011 and updated in November 2021. The Directors have considered the effectiveness of their corporate governance practices with regard to the principles set out in the Code. The Directors are satisfied with their degree of compliance with the principles set out in the Code in the context of the nature, scale and complexity of the business.

Anti-Bribery and Corruption

The Company adheres to the requirements of the Prevention of Corruption (Bailiwick of Guernsey) Law, 2003. In consideration of the UK Bribery Act 2010 which came into force on 1 July 2011, the Board expects all the Company's business activities, whether undertaken directly by the Directors themselves or by third parties on the Company's behalf, to be transparent, ethical and beyond reproach.

On discovery of any activity or transaction that breaches the requirements of the Prevention of Corruption (Bailiwick of Guernsey) Law, 2003 or the UK Bribery Act 2010, such discovery would be reported to the relevant authorities in accordance with prescribed procedures. The Company is committed to regularly reviewing its policies and procedures to uphold good business practice.

DIRECTORS' REPORT (CONTINUED)

For the year ended 31 December 2022

Foreign Account Tax Compliance Act

The Foreign Account Tax Compliance Act ("FATCA") became effective on 1 January 2013. The legislation is aimed at determining the ownership of assets of US persons in foreign accounts and improving US tax compliance with respect to those assets. On 13 December 2013, the States of Guernsey entered into an intergovernmental agreement ("IGA") with US Treasury, in order to facilitate the requirements under FATCA. The Company registered with the Internal Revenue Service ("IRS") during 2016 as a Foreign Financial Institution ("FFI") and received a Global Intermediary Identification Number. The Company complies with these regulations and reports as necessary.

Common Reporting Standard

The Common Reporting Standard ("CRS"), formally the Standard for Automatic Exchange of Financial Account Information, became effective on 1 January 2016, and is an information standard for the automatic exchange of information developed by the Organisation for Economic Co-operation and Development ("OECD"). CRS is a measure to counter tax evasion and it builds upon other information sharing legislation, such as FATCA, the UK-Guernsey IGA for the Automatic Exchange of Information and the European Union Savings Directive. The first reporting under CRS for Guernsey was made during 2017. The Company complies with these regulations and reports as necessary.

Alternative Investment Fund Managers Directive

The Alternative Investment Fund Manager Directive ("AIFMD"), which was implemented by EU Member States in 2013, covers the management, administration and marketing of alternative investment funds ("AIFs"). Its focus is on regulating alternative investment fund managers ("AIFMs") established in the EU and prohibits such managers from managing any AIFs or marketing shares in such funds to investors in the EU unless an AIFMD authorisation is granted to the AIFM. The Company is registered as a non-EU AIF whose AIFM is the Company itself (i.e. self-managed) for the purpose of the Directive.

Investments Objectives and Strategy

The Company has an investment objective of achieving long term capital growth and delivering an income stream to shareholders with the aim of spreading risk by investing in a diversified portfolio of investments principally in financial services businesses, which will in the main be based in offshore financial centres.

The Company may invest in unquoted stocks and private companies.

Businesses in which the Company is expected to invest are likely to have one or more of the following attributes:

i. potential to increase the scale of its operations;
ii. a need to replace a retiring owner-manager or early-stage investors;
iii. a need to change strategy and invest to make it an attractive sale or flotation prospect; or
iv. a need to make a strategic acquisition or some other transformation to make it an attractive sale or flotation prospect.

DIRECTORS’ REPORT (CONTINUED)

For the year ended 31 December 2022

Investments Objectives and Strategy (continued)

Up to 15% of the NAV can be invested into businesses which, while not strictly falling within the definition of financial services business, are related to the sector and appear to the Investment Manager to fit well within the proposed portfolio of the Company.

Investment Restrictions

The Company will seek to invest (or commit to invest) in accordance with guidelines determined by the Board and notified to the Investment Manager from time to time.

The Company intends that no more than 60% of the Company's NAV may be committed to any single investment, and no more than 60% of the Company's NAV in investments considered by the Board to be "special situations" (such as in companies that are already listed) in each case at the time of investment (or commitment). These limits will not apply if at any stage the Company has fewer than three investments.

UK Criminal Finances Act

The UK Criminal Finances Act (the “CFA”) came into force on 30 September 2017 and holds relevant corporate bodies liable where they fail to prevent those who act for, or on their behalf, from criminally facilitating tax evasion, whether in the UK or in a foreign country.

The Directors are aware of the requirements of and the penalties under the CFA and are fully committed to complying with all legislation and appropriate guidelines designed to prevent tax evasion and the facilitation of tax evasion in the jurisdictions in which the Company, its service providers, counterparties and business partners operate. Accordingly, the Directors have assessed the nature and extent of the Company’s exposure to the risk of those acting on the Company’s behalf facilitating tax evasion offences and have ensured that reasonable, risk-based prevention procedures are in place and have been adopted by the Company to mitigate any identified risks.

The Board takes a zero-tolerance approach towards tax evasion or the facilitation of tax evasion and any involvement of the Company in any form of tax evasion or the facilitation of tax evasion is absolutely prohibited.

Independent Auditor

The independent auditor, Grant Thornton Limited, has expressed its willingness to continue in office and a resolution for its re-appointment will be proposed at the forthcoming Annual General Meeting.

By Order of the Board

Mel Carvill
Director
26 June 2023

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF FINANCIAL SERVICES OPPORTUNITIES INVESTMENT FUND LIMITED

Opinion

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

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2022 and of the Company's loss for the year then ended;
- are in accordance with IFRS as issued by the IASB; and
- comply with the Companies (Guernsey) Law, 2008.

Basis for opinion

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

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF FINANCIAL SERVICES OPPORTUNITIES INVESTMENT FUND LIMITED (CONTINUED)

Key audit matters

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

The key audit matter	How the matter was addressed in our audit
Fair value of investments at fair value through profit or loss We identified the carrying value of investments at fair value through profit or loss as one of the most significant assessed risks of material misstatement due to fraud. The Company's financial assets consist of an investment portfolio of companies that are principally financial services businesses. The portfolio is valued at £54,220,262 (2021: £66,188,758). These financial assets are defined as Level 2 and Level 3 financial instruments under IFRS 13 fair value hierarchy. The Company exercises considerable judgement in valuing its Level 3 investments, as the selection of the appropriate valuation techniques involves making significant assumptions and the inputs used are not based solely on observable data. The valuation technique is selected on an investment by investment basis so as to provide the most reliable representation of fair value. The bases of valuation that have been adopted include quoted market bid price, comparable earnings multiple, net realisable assets, recent offer price and purchase cost. Given the extent of judgement involved in valuing these financial instruments, we considered this to be a key audit matter. *Refer to the Chairman's Report on pages 2 and 3; Accounting policies in page 22, and Note 7, Fair value, to the Financial Statements.*	In responding to the key audit matter, we performed the following audit procedures: ○ Updated our understanding of management's processes, polices, methodologies and controls in relation to the valuation of investments and confirmed our understanding by performing test of design and implementation of relevant controls around the valuation process specifically as they relate to accounting estimates; ○ Obtained the valuations workings and had discussions with the Investment Manager to understand the valuation methods, inputs and assumptions that the Company used to value its Level 3 investments and assessed whether these are based on acceptable valuation framework and consistent with IFRS; ○ Reviewed the key assumptions used in the valuation and corroborated them through other information (i.e. financial information of investee companies and similar companies in the same industry, external sources of information); and ○ Reviewed the sufficiency of disclosures in the financial statements relating to the accounting estimates involving the valuation of investments of the Company. **Our results** Based on the audit work performed, we have not identified any matters to report to those charged with governance in relation to the fair value measurement of financial assets at fair value through profit or loss.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF FINANCIAL SERVICES OPPORTUNITIES INVESTMENT FUND LIMITED (CONTINUED)

Other information in the Annual Report

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report and Audited financial statements, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement set out on page 9, the Directors are responsible for the preparation of the financial statements which give a true and fair view in accordance with IFRS as issued by the IASB, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF FINANCIAL SERVICES OPPORTUNITIES INVESTMENT FUND LIMITED (CONTINUED)

Auditor's responsibilities for the audit of the financial statements (continued)

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the 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 Cyril Swale.

Use of our report

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

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF FINANCIAL SERVICES OPPORTUNITIES INVESTMENT FUND LIMITED (CONTINUED)

Matters on which we are required to report by exception

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

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

Grant Thornton Limited
Chartered Accountants
St Peter Port
Guernsey

26 June 2023

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2022

	Notes	**31 December 2022** **£**	**31 December 2021** **£**
Income			
Net (losses)/gains on financial assets at fair value through profit or loss	7	(7,725,003)	2,483,181
Investment income		4,582,888	1,097,201
Loan interest income		17,642	140,710
Bank interest income		944	-
Total (loss)/income		(3,123,529)	3,721,092
Expenses			
Investment management fees	4	(845,949)	(963,102)
Expected credit losses on financial assets	6	(227,952)	-
Administration fees	4	(67,081)	(64,697)
Other administration services	4	(6,161)	(6,530)
Directors' fees	4	(96,726)	(93,636)
Legal and professional fees		(17,227)	(11,075)
Share-based payment write-back	15,16	-	58,193
Revolving credit facility interest expense	13	(39,322)	(179,826)
Other expenses	10	(104,696)	(92,821)
Total expenses		(1,405,114)	(1,353,494)
(Loss)/profit and total comprehensive (loss)/profit for the year		**(4,528,643)**	**2,367,598**
(Loss)/earnings per share – basic	19	**(8.56)p**	**4.35p**
(Loss)/earnings per share – diluted	19	**(8.56)p**	**4.13p**

All items in the above statement derive from continuing operations.

There were no items of other comprehensive loss in the year and accordingly, the loss for the year constitutes total comprehensive loss.

The accompanying Notes on pages 21 to 48 form an integral part of these Financial Statements.

STATEMENT OF FINANCIAL POSITION
As at 31 December 2022

	Notes	31 December 2022 £	31 December 2021 £
Non-current assets			
Financial assets at fair value through profit or loss	5,7	54,220,262	66,188,758
Loans due from associate and joint venture	6,17	14,291	35,000
Current assets			
Cash and cash equivalents		725,767	119,427
Loans due from associate and joint venture	6,17	143,021	383,948
Trade and other receivables	11	481,338	452,017
Prepayments		10,590	6,221
Total assets		55,595,269	67,185,371
Current liabilities			
Trade and other payables	12	496,212	793,936
Revolving credit facility – Investec CI	13	-	2,500,000
Total liabilities		496,212	3,293,936
Net assets		**55,099,057**	**63,891,435**
Equity			
Share capital	14	50,921,298	55,185,033
Reserves	16	4,177,759	8,706,402
Total equity		**55,099,057**	**63,891,435**
Number of shares in issue	14	**51,093,750**	**54,500,000**
NAV per share		**107.84p**	**117.23p**

The Financial Statements on pages 17 to 48 were approved and authorised for issue by the Board of Directors on 26 June 2023.

Mel Carvill
Director

The accompanying Notes on pages 21 to 48 form an integral part of these Financial Statements.

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2022

	Notes	**Share capital £**	**Reserves £**	**Total £**
At 1 January 2022		**55,185,033**	**8,706,402**	**63,891,435**
Settlement of share options	15	(289,323)	-	(289,323)
Loss and total comprehensive loss for the year		-	(4,528,643)	(4,528,643)
Redemption of shares	14	(3,974,412)	-	(3,974,412)
At 31 December 2022		**50,921,298**	**4,177,759**	**55,099,057**

	Notes	**Share capital £**	**Reserves £**	**Total £**
At 1 January 2021		**54,604,160**	**6,396,997**	**61,001,157**
Exercise of share options	15	580,873	-	580,873
Profit and total comprehensive income for the year		-	2,367,598	2,367,598
Charge to equity for equity-settled share-based payments	15,16	-	(58,193)	(58,193)
At 31 December 2021		**55,185,033**	**8,706,402**	**63,891,435**

The accompanying Notes on pages 21 to 48 form an integral part of these Financial Statements.

STATEMENT OF CASH FLOWS
For the year ended 31 December 2022

	Notes	31 December 2022 £	31 December 2021 £
Cash flows from operating activities			
(Loss)/profit and total comprehensive (loss)/profit for the year		(4,528,643)	2,367,598
Adjusted for:			
Net losses/(gains) on financial assets at fair value through profit or loss	7	7,725,003	(2,483,181)
Investment income		(4,582,888)	(1,097,201)
Loan interest income		(17,642)	(140,710)
Expected credit losses on financial assets	6	227,952	-
Share-based payment write-back	15,16	-	(58,193)
Loan interest	13	39,322	179,826
(Increase)/decrease in trade and other receivables (excluding investment transactions and loan interest receivable)		(4,368)	6,885
(Decrease)/increase in trade and other payables (excluding investment transactions, loan interest payable and dividends payable)		(292,039)	510,165
		(1,433,303)	(714,811)
Investment income received		4,569,997	1,030,813
Loan interest income received		1,212	5,637
Purchases of financial assets	7	-	(64,498)
Proceeds from sale of investments	7	4,243,493	-
Repayments of loans and interest due from associates	6	33,684	1,384,837
Net cash inflow from operating activities		**7,415,083**	**1,641,978**
Cash outflow from financing activities			
Share options exercised	15	-	580,873
Settlement of share options	15	(289,323)	-
Redemption of shares		(3,974,413)	-
Dividend paid		-	(539,191)
Loan interest paid		(45,007)	(173,673)
Repayments on revolving credit facility	13	(2,500,000)	(2,000,000)
Net cash outflow from financing activities		**(6,808,743)**	**(2,131,991)**
Net increase/(decrease) in cash and cash equivalents		606,340	(490,013)
Cash and cash equivalents at the start of the year		119,427	609,440
Cash and cash equivalents at the end of the year		**725,767**	**119,427**

The accompanying Notes on pages 21 to 48 form an integral part of these Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

1. The Company

Financial Services Opportunities Investment Fund Limited (the "Company") is licensed by the Guernsey Financial Services Commission as a registered closed-ended investment company which was incorporated under The Companies (Guernsey), Law 2008 on 30 August 2016 with registration number 62421. The Company is listed on The International Stock Exchange ("TISE").

The principal objective of the Company is to attain long term capital growth and deliver an income stream to shareholders with the aim of spreading risk by investing in a diversified portfolio of investments principally in financial services businesses and has an indefinite life.

2. Significant Accounting Policies

Basis of Preparation

These Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and comply with the Companies (Guernsey) Law, 2008.

The preparation of Financial Statements in conformity with IFRS requires the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the Financial Statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates and judgements are discussed in Note 3. The principal accounting policies adopted are set out below.

The Financial Statements have been prepared on the historical cost basis, except for the revaluation of financial assets measured at fair value through profit or loss.

In accordance with the investment entities exemption contained in IFRS 10, "Consolidated Financial Statements", the Board has determined that the Company satisfies the criteria to be regarded as an investment entity and that the Company provides investment-related services. As a result, the Company is required to only prepare individual financial statements under IFRS and measures its investments in any subsidiaries, associates or joint ventures at fair value. This determination involves a degree of judgement (see Note 3 for further details).

Going Concern

The Board of Directors have assessed the financial position of the Company as at 31 December 2022, and the factors that may impact its performance (including the potential impact on markets and supply chains of geo-political risks such as the current crisis in Ukraine and continuing macro-economic factors and inflation) in the forthcoming year. The Directors note that the Company's portfolio has not been materially adversely affected in terms of value or cashflows by the current crisis in Ukraine.

The Company participated in the tender offer by PraxisIFM in February 2022, tendering 5,762,332 shares for a total amount of £8,643,498 and reducing its shareholding in PraxisIFM to 12,369,522 shares. The Company then used £2,500,000 of the proceeds received from Praxis IFM to repay its revolving credit facility with Investec in full in May 2022.

2. Significant Accounting Policies (continued)

Going Concern (continued)

The Board of Directors has reviewed cashflow forecasts for the next twelve months and, after making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the next 12 months after the signing date of the Financial Statements. Accordingly, the Directors continue to adopt the going concern basis in preparing these Financial Statements.

New Accounting Standards and interpretations applicable to future reporting periods

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

- IAS 1 (amended), 'Presentation of Financial Statements' (amendments regarding the classification of liabilities, effective for periods commencing on or after 1 January 2023).
- IAS 8 'Accounting Policies, Changes in accounting Estimates and Errors' (amendments regarding the definition of accounting estimates).

Accounting Standards and interpretations adopted during the year

- Amendments to IAS 37, 'Provisions, contingent liabilities and contingent assets' (effective for periods commencing on or after 1 January 2022) – The changes in Onerous Contracts — Cost of Fulfilling a Contract specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'.
- Annual Improvements to IFRS Standards 2018-2020 (effective for periods commencing on or after 1 January 2022). In regard to IFRS 9, the amendment clarifies which fees an entity includes when it applies the '10 per cent' test in assessing whether to derecognise a financial liability.

The Directors expect that the adoption of these amended standards in a future period will not have a material impact on the Financial Statements of the Company.

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2022 reporting periods and have not been early adopted by the Company. The Directors do not expect these standards to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

Functional and presentation currency

Items included in the Financial Statements are measured in the currency of the primary economic environment in which the Company operates ("the functional currency"). The functional currency of the Company as determined in accordance with IFRS is Pound Sterling (£) because this is the currency that best reflects the economic substance of the underlying events and circumstances of the Company. Pound Sterling has also been selected as the currency in which the Company measures its performance and the Company's presentation currency.

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

2. Significant Accounting Policies (continued)

Financial Instruments

Classification

Under IFRS 9, financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost; or
- fair value through profit or loss ("FVTPL"); or
- fair value through other comprehensive income ("FVOCI").

This classification is determined by both:

- the entity's business model for managing the financial asset; and
- the contractual cash flow characteristics of the financial asset.

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company's cash and cash equivalents, loans due from associate and joint venture and trade and other receivables are classified as financial assets at amortised cost.

Financial assets at fair value through profit or loss

Financial assets that are held within a business model where the assets are managed and their performance evaluated on a fair value basis in accordance with the Company's investment strategy are classified as financial assets at fair value through profit or loss. Accordingly, the Company's investments, in accordance with the investment entity exemption of IFRS 10 "Consolidated Financial Statements" and the requirements, and including its subsidiaries, associates and joint ventures, are classified as financial assets at fair value through profit or loss and accounted for under IFRS 9.

Financial liabilities at amortised cost

This category comprises trade and other payables and loan payables.

Recognition and initial measurement

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument. Financial assets at fair value through profit or loss are measured initially at fair value, being the transaction price, on the trade date. Transaction costs on financial assets at fair value through profit or loss are expensed immediately. Financial assets or financial liabilities not at fair value through profit or loss are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue.

2. Significant Accounting Policies (continued)

Financial Instruments (continued)

Subsequent measurement

Financial assets at amortised cost

After initial recognition, financial assets which are not measured at fair value are measured at amortised cost using the effective interest rate method. The amortised cost of a financial asset is the amount at which the financial asset is measured on initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any allowance for expected credit losses ("ECLs").

Under IFRS 9, the Company has elected to apply the simplified approach in relation to its trade and other receivables, under which the Company is required to recognise lifetime ECLs. Practical expedients are available to measure lifetime ECLs incorporating forward-looking information, but there is no need to monitor significant increases in credit risk.

Discounting is omitted when the effect of discounting is immaterial.

Financial assets at fair value through profit or loss

Investments at fair value through profit or loss are initially recognised at cost, which is deemed to be the fair value of the investment at the point of acquisition. Transaction costs are expensed in the Statement of Comprehensive Income as incurred. Subsequent to initial recognition, all financial assets at fair value through profit or loss are measured at fair value. Fair value is defined as the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction at the measurement date. Gains and losses arising from changes in the fair value of the 'investments at fair value through profit or loss' category are presented in the Statement of Comprehensive Income in the period in which they arise. Investment income from investments at fair value through profit or loss is recognised in the Statement of Comprehensive Income when the Company's right to receive payment is established.

The fair value measurement is based on the presumption that the transaction to sell the asset takes place either in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to the Company.

The fair value of an asset is measured using the assumptions that market participants would use when pricing the asset, assuming that market participants act in their economic best interest.

The fair value for financial instruments traded in active markets at the reporting date is based on their quoted price or binding dealer price quotations, without any deduction for transaction costs.

If there is no quoted price in an active market, the Company uses valuation techniques, in accordance with International Private Equity and Venture Capital ("IPEV") guidelines, that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction. Please refer to Note 7 for further details.

The valuation methods/techniques used by the Company in valuing the investments involve critical judgements to be made and therefore the actual value of the investment could differ significantly from the value disclosed in these Financial Statements.

2. Significant Accounting Policies (continued)

Financial Instruments (continued)

Derecognition

A financial asset is derecognised when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition in accordance with IFRS 9. A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Cash and cash equivalents

Cash and cash equivalents are defined as cash in hand, demand deposits and highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value. For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash at bank with a maturity of less than three months at the date of inception.

Trade and other receivables

Trade and other receivables do not carry any interest and are short-term in nature and are accordingly stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

Trade and other payables

Trade and other payables are not interest-bearing and are stated at their nominal value.

Shares

The Company has no planned end date and Shareholders will not be entitled to require the Company to redeem their shares at any time. Shares are classified as equity.

Reserves

Reserves comprises the Company's retained earnings and share based payment reserve. Retained earnings consists of accumulated operating profits and losses. The share-based payment reserve consists of accumulated revaluations of the share options granted to the Investment Manager.

Income

Interest income is recognised on a time-proportionate basis using the effective interest method. It includes interest income from cash and cash equivalents. Dividend income is recognised when the right to receive payment is established.

Expenses

Expenses are recognised in the Statement of Comprehensive Income on an accrual basis.

Share-based payments (equity-settled)

In lieu of the payment of performance fees, the Company grants options for shares in the Company to the Investment Manager, for the Investment Manager itself and for onward transfer to members of the investment management team. All assets and services received in exchange for the grant of any share-based payment are measured at their fair values. Fair value is measured by use of the Black Scholes model (see Note 15). All share-based payments are recognised as an expense in profit or loss with a corresponding credit to equity. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest.

2. Significant Accounting Policies (continued)

Share-based payments (equity-settled) (continued)
Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any adjustment to cumulative share-based compensation resulting from a revision is recognised in the current period. The number of vested options ultimately exercised by holders does not impact the expense recorded in any period.

Upon exercise of share options, the proceeds received, net of any directly attributable transaction costs, are allocated to share capital up to the nominal (or par) value of the shares issued with any excess being recorded as share premium. At 31 December 2022, all share options were cancelled or had lapsed.

Dividends
Interim dividends paid to Shareholders are recorded through the Statement of Changes in Shareholders' Equity when they are declared to Shareholders. Final dividends are recorded through the Statement of Changes in Shareholders' Equity when they are approved by Shareholders. The payment of any dividend by the Company is subject to the satisfaction of a solvency test as required by the Companies (Guernsey) Law, 2008.

Segmental reporting
The Board has considered the requirements of IFRS 8 – "Operating Segments". The Company has entered into an investment management agreement with the Investment Manager. Subject to its terms and conditions, the investment management agreement requires the Investment Manager to manage the Company's investment portfolio in accordance with the Company's investment guidelines in effect from time to time. However, the Board retains full responsibility to ensure that the Investment Manager adheres to its mandate. Moreover, the Board is fully responsible for the appointment and/or removal of the Investment Manager. Accordingly, the Board is deemed to be the "Chief Operating Decision Maker" of the Company.

In the Board's opinion, the Company is engaged in a single segment of business, being investment principally in financial services businesses, that business being conducted from Guernsey.

As at 31 December 2022, the geographical concentration of the Company's investment portfolio is as follows:

	31 December 2022	**31 December 2021**
	£	**£**
Guernsey	50,985,896	62,863,036
Jersey	2,060,713	1,932,659
UK	1,173,653	1,393,063
	54,220,262	**66,188,758**

3. Critical accounting estimates and judgments

Critical accounting estimates and assumptions
Management makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects both current and future periods.

3. Critical accounting estimates and judgments (continued)

Critical accounting estimates and assumptions (continued)

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are outlined below:

Assessment as an investment entity

Entities that meet the definition of an investment entity in accordance with IFRS 10 are required to measure their subsidiaries at fair value through profit or loss rather than consolidate them. The criteria which define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment management services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

The Company provides investment management services and has a number of investors who pool their funds to gain access to these services and investment opportunities that they might not have had access to individually. The Company, being listed on TISE, obtains funding from a diverse group of external shareholders, to whom it has committed that its business purpose is to invest funds solely for the returns from capital appreciation and investment income.

As at 31 December 2022, the Company holds five investments (31 December 2021: five), one of which is classified as a subsidiary (31 December 2021: one), one as an associate (31 December 2021: one) and one as a joint venture (31 December 2021: one). The fair value method is used to represent and evaluate the performance of all of these investments, including the subsidiary, in its internal reporting to the Board, and to make investment decisions. These investments will be sold if other investments with better risk/reward profiles are identified, or if a very attractive offer to purchase an investment is made to the Company resulting in the opportunity to make a return to shareholders, which the Directors consider demonstrates a clear exit strategy.

The subsidiary does not provide investment-related services.

The Board has concluded the Company has all of the characteristics set out above and thus meets the definition of an investment entity. As a result the Company is not permitted to consolidate the subsidiary, which is measured at fair value through profit or loss. The Company has concluded that the subsidiary meets the definition of an unconsolidated subsidiary under IFRS 12 and has made the necessary disclosures (see Note 18).

Fair value measurement

When the fair values of financial assets recorded in the Financial Statements cannot be derived from active markets, their fair value is determined using a variety of valuation techniques that include the use of valuation models. When valuing the underlying investee companies, the Investment Manager reviews information provided by the underlying investee companies and other business partners and applies IPEV methodologies (see Note 7) to estimate a fair value as at the date of the Financial Statements. The Board reviews and considers the fair value arrived at by the Investment Manager before incorporating into the fair value of the investment adopted by the Company.

3. Critical accounting estimates and judgments (continued)

Fair value measurement (continued)

The variety of valuation bases adopted, quality of management information provided by the underlying investee companies and the lack of liquid markets for the investments mean that there are inherent difficulties in determining the fair value of these investments that cannot be eliminated. Therefore, the amounts realised on the disposal of investments may differ from the fair values reflected in these Financial Statements and the differences may be significant.

Share based payments

The valuations of the share options granted to the Investment Manager and members of the investment management team are determined by means of valuation models and are dependent on estimates and assumptions relating to the inputs to those models. As at 31 December 2022, all share options had been cancelled, or had lapsed, and there were no new share options issued during the year. Details of the inputs used can be found in Note 15.

4. Material Agreements

Investment Management fees

As a result of a Ravenscroft Group restructure, with effect from 1 June 2020, Ravenscroft Specialist Fund Management Limited ("RSFML") was appointed as the Investment Manager, replacing Ravenscroft (CI) Limited ("RL"). The existing Investment Management Agreement was novated from RL to RSFML, with no changes to the fees charged, the services provided or the team providing the services as a result of this change. The Investment Manager is entitled to an amount equal to an annualised 1.5% of the Adjusted Closing NAV (excluding cash and near cash investments). The management fee is calculated on a quarterly basis after calculation of the Adjusted Closing NAV.

There is no performance fee. Instead, the Company grants options over shares to the Investment Manager, for itself and for onward transfer to members of the management team. As at 31 December 2022, all options had lapsed or cancelled. No new options were granted during the year. Further details on the options are disclosed in Note 15.

The Company also pays the Investment Manager a deal fee equal to 1% of the total amount paid by the Company for any completed investments, within three months after the date of completion of that investment, except in relation to investments where the total amount payable is determined later than three months after completion, in which case the deal fee element referable to any deferred part of the consideration shall be payable within three months of the date of payment of that deferred consideration, but the deal fee element relating to that part of the consideration payable on completion of the investment is payable within three months after the date of completion.

During the year, the Investment Manager earned a management fee of £845,949 (31 December 2021: £963,102), of which £416,999 (31 December 2021: £726,290) was outstanding at the end of the year. The Investment Manager earned deal fees of £Nil (31 December 2021: £Nil), of which £Nil (31 December 2021: £Nil) was outstanding at the end of the year. The Investment Management agreement can be terminated by either party giving not less than 18 months' written notice.

During the year, associated entities within the wider Ravenscroft Group also earned the following fees: £18,250 in respect of a trading account fee (31 December 2021: £26,067), of which £3,559 (31 December 2021: £6,800) was outstanding at the year end, and £10,000 in respect of a market maker retainer fee (31 December 2021: £10,000). These expenses have been included in Other expenses in the Statement of Comprehensive Income.

4. Material Agreements (continued)

Administration fees

Sanne Fund Services (Guernsey) Limited was appointed as the Administrator with effect from 27 September 2016. The Administrator charges an annual fee of 0.10% of the NAV of the Company subject to a minimum fee of £68,065 plus disbursements, effective from 1 May 2022 (effective from 1 May 2021: £65,071).

During the year, the Administrator earned a fee for administration services of £67,081 (31 December 2021: £64,697), of which £34,312 (31 December 2021: £16,134) was outstanding at the year end.

The Administrator earns a fee of £5,115 per annum for assisting with reporting under Article 24 of the AIFM Directive, where such Annex IV Reporting is required by the Company. The Administrator also earns an annual fee of £500 for the ongoing provision of an employee to act as the Responsible Officer. Fees are charged on a time spent basis for any additional reporting under FATCA and CRS.

During the year, the Administrator earned a total fee for other administration services of £6,161 (31 December 2021: £6,530), of which £Nil (31 December 2021: £Nil) was outstanding at the year end.

In addition, in its role as listing sponsor to the Company, the Administrator has also earned a fee of £8,379 for acting as listing sponsor (31 December 2021: £5,320).

On 4 August 2022, the entire share capital of Sanne Group Plc, the ultimate parent company of Sanne Fund Services (Guernsey) Limited, the Administrator, was acquired by Apex Acquisition Company Limited, a wholly owned subsidiary of Apex Group Limited.

Management and Administration fees - summary

The amounts charged and outstanding for the above-mentioned fees during the year ended 31 December 2022 and 31 December 2021 are as follows:

	Charge for the year		**Outstanding at year end**	
	1 January 2022 to 31 December 2022	**1 January 2021 to 31 December 2021**	**31 December 2022**	**31 December 2021**
	£	**£**	**£**	**£**
Investment management fees	845,949	963,102	416,999	726,290
Administration fee	67,081	64,697	34,312	16,134
Other administration services	6,161	6,530	-	-
Total	**919,191**	**1,034,329**	**451,311**	**742,424**

Directors' fees

Mel Carvill is entitled to a fee for his services as Chairman of the Board of Directors of £37,616 per annum, effective from 1 January 2022 (31 December 2021: £36,414). The remaining Directors are entitled to a fee for their services as Directors of £29,555 each per annum, effective from 1 January 2022 (31 December 2021: £28,611). The total remuneration paid to the Directors for the year was £96,726 (31 December 2021: £93,636) of which £Nil (31 December 2021: £Nil) was outstanding at the end of the year. The annual increase in fees for the year ended 31 December 2022 was calculated using the Guernsey RPIX rate as at 30 September 2021.

5. Financial risk management and financial instruments

The Company's investing activities may expose it to a variety of financial risks including market risk (including price risk, currency risk and interest rate risk), credit risk and liquidity risk. Risk management procedures are in place to minimise the Company's exposure to these financial risks. Below is a non-exhaustive summary of the risks that the Company is exposed to as a result of its use of financial instruments:

Market risk

The Company's activities expose it primarily to the market risks of changes in market prices and interest rates.

Price Risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual financial instrument or its issuer, or factors affecting similar financial instruments traded in the market.

The Investment Manager moderates this risk through a careful selection of investments and other financial instruments within specified limits. The Company's overall market positions are monitored on an ongoing basis by the Investment Manager and are reviewed on a quarterly basis by the Board of Directors.

The maximum exposure to price risk is the carrying amount of the assets as set out below:

	31 December 2022	31 December 2021
	£	£
Financial assets at fair value through profit or loss	**54,220,262**	**66,188,758**

Details of the sensitivity of the Company's financial assets at fair value through profit or loss to price risk are disclosed in Note 7.

Currency risk

The Company has no direct foreign currency risk, since all assets and transactions to date have been denominated in Pound Sterling, the Company's functional and presentation currency.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company is exposed to cash flow interest rate risk in respect of its holdings of cash and cash equivalents.

5. Financial risk management and financial instruments (continued)

Market risk (continued)

Interest rate risk (continued)

The table below summarises the Company's financial instruments and their exposure to interest rate risk:

31 December 2022	Floating rate £	Fixed rate £	Non-interest bearing £	Total £
Assets				
Cash and cash equivalents	725,767	-	-	725,767
Investments at fair value through profit or loss	-	1,687,560	52,532,702	54,220,262
Loans due from associate and joint venture	-	143,021	14,291	157,312
Trade and other receivables	-	-	481,338	481,338
Total financial assets	**725,767**	**1,830,581**	**53,028,331**	**55,584,679**
Liabilities				
Trade and other payables	-	-	496,212	496,212
Total financial liabilities	**-**	**-**	**496,212**	**496,212**
Total interest sensitivity gap	**725,767**	**1,830,581**	**52,532,119**	**55,088,467**

31 December 2021	Floating rate £	Fixed rate £	Non-interest bearing £	Total £
Assets				
Cash and cash equivalents	119,427	-	-	119,427
Investments at fair value through profit or loss*	-	1,687,560	64,501,198	66,188,758
Loans due from associate and joint venture	-	383,948	35,000	418,948
Trade and other receivables	-	-	452,017	452,017
Total financial assets	**119,427**	**2,071,508**	**64,988,215**	**67,179,150**
Liabilities				
Trade and other payables	2,500,000	-	793,936	3,293,936
Total financial liabilities	**2,500,000**	**-**	**793,936**	**3,293,936**
Total interest sensitivity gap	**(2,380,573)**	**2,071,508**	**64,194,279**	**63,885,214**

**The allocation between fixed rate and non-interest bearing has been prospectively updated for Investments at fair value through profit or loss– this has no impact on the Financial Statements for 31 December 2021 or 31 December 2022.*

At 31 December 2022, the Bank of England base rate was 3.5% (2021: 0.25%). At 31 December 2022, should interest rates have decreased by 3.5%, with all other variables remaining constant, the increase in net assets for the year would be £25,402 (2021: increase by 0.25%, £5,951). Should interest rates have increased by 0.75%, the decrease in net assets would be £5,443 (2021: decrease by 0.5%, £11,903). The possible increase in interest rates of 0.75% is regarded as reasonable in light of the current significant inflationary pressures in the UK economy.

5. Financial risk management and financial instruments (continued)

Market risk (continued)

Interest rate risk (continued)

The Investment Manager monitors the Company's overall interest rate exposure on a regular basis by reference to prevailing interest rates and the level of the Company's cash and bank loan balances.

Credit risk

The Company takes on exposure to credit risk, which is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company and will be unable to pay amounts in full when due, resulting in financial loss to the Company. The investments of the Company are recommended by the Investment Manager in accordance with the criteria set out in the Company's Prospectus. Impairment provisions are provided for losses that have been anticipated by the end of the reporting period, if any.

The following table shows the Company's maximum exposure to credit risk:

	31 December 2022	31 December 2021
	£	£
Cash and cash equivalents	725,767	119,427
Loans due from associate and joint venture	157,312	418,948
Trade and other receivables	481,338	452,017
Total	**1,364,417**	**990,392**

Amounts in the above table are based on the carrying value of all accounts. The carrying amounts of these assets are considered to represent their fair value. At 31 December 2022, loan interest receivable from Next Generation Holdings Limited of £369,041 was past due (31 December 2021: £352,611).

The Investment Manager monitors the Company's credit position regularly, and the Board of Directors reviews it on a quarterly basis. The carrying amount of financial assets recorded in these Financial Statements best represents the Company's maximum exposure to credit risk.

In accordance with IFRS 9, the Company has assessed the loan receivable from Next Generation Holdings Limited for expected credit losses ("ECL") at the reporting date. The Board has concluded that any ECL relating to the Next Generation Holdings Limited loan would be immaterial to the Financial Statements owing to the low credit risk of the relevant counterparty and its historical payment history, and that no credit losses are expected over the term of the loan.

The credit risk of the Company's cash and cash equivalents is limited as all cash is placed with reputable banking institutions with a sound credit rating. At 31 December 2022, the Company's cash and cash equivalents are held with Royal Bank of Scotland International Limited. The credit ratings for these institutions are as follows:

Bank	**Fitch long-term rating**	**Balance held**
		£
Royal Bank of Scotland International	A	573,199
Investec Bank (Channel Islands) Limited	BBB+	245
Other*	N/A	152,233
		725,767

*Proceeds of sales of investments held temporarily in a broking account. The related credit risk is limited, as these funds are held with various financial institutions with high credit ratings assigned by credit rating agencies.

5. Financial risk management and financial instruments (continued)

Liquidity risk

The Company is exposed to liquidity risk, which is the risk that the Company will encounter in realising assets or otherwise raising funds to meet financial commitments. The Company is closed-ended and therefore is not exposed to the risk of Shareholder redemptions. In order to mitigate liquidity risk, borrowings may not exceed 25% of the last announced NAV at the time of drawdown of any such borrowings. The Company has one investment which, although traded on TISE, does not have an active market, and all other investments are private companies which are traded in an environment where deal timescales can take place over several months.

As a result, the Company may not be able to quickly liquidate some of its investments at an amount close to their fair value in order to meet liquidity requirements. The Board monitors this risk by reviewing future cash flow projections of the Company to ensure that future liabilities can be met as and when they fall due.

The table below analyses the Company's financial assets and financial liabilities into relevant maturity groups based on the remaining period at the end of the reporting period to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

At 31 December 2022	**Less than 1 year**	**1 to 5 years**	**Total**
	£	**£**	**£**
Financial assets			
Cash and cash equivalents	725,767	-	725,767
Investments	-	54,220,262	54,220,262
Loans due from associate and joint venture	143,021	14,291	157,312
Trade and other receivables	481,338	-	481,338
Total financial assets	**1,350,126**	**54,234,553**	**55,584,679**
Financial liabilities			
Trade and other payables	496,212	-	496,212
Total financial liabilities	**496,212**	**-**	**496,212**

At 31 December 2021	**Less than 1 year**	**1 to 5 years**	**Total**
	£	**£**	**£**
Financial assets			
Cash and cash equivalents	119,427	-	119,427
Investments	-	66,188,758	66,188,758
Loans due from associate and joint venture	383,948	35,000	418,948
Trade and other receivables	452,017	-	452,017
Total financial assets	**955,392**	**66,223,758**	**67,179,150**
Financial liabilities			
Trade and other payables	3,293,936	-	3,293,936
Total financial liabilities	**3,293,936**	**-**	**3,293,936**

The carrying amounts of financial assets and liabilities recorded at amortised cost in these Financial Statements approximate their fair values.

5. Financial risk management and financial instruments (continued)

Capital risk management

The Company's capital is represented by its share capital. The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to provide returns to Shareholders and to maintain a strong capital base to support the development of the investment activities of the Company.

The Board of Directors has reviewed cashflow forecasts for the next twelve months and has concluded that the Company has adequate financial resources to continue in operational existence for the foreseeable future, and to meet its capital management objectives.

The Company is not subject to externally imposed capital requirement, other than as required under the Companies (Guernsey), Law 2008.

6. Loans advanced at amortised cost

	31 December 2022	31 December 2021
	£	£
Loans held at amortised cost		
Opening loan balance	418,948	1,803,785
Principal repayments	(33,684)	(1,384,837)
Closing loan balance	**385,264**	**418,948**
Expected credit loss provision ("ECL")	(227,952)	-
Closing loan balance at amortised cost, net of ECL	**157,312**	**418,948**

Loans to Next Generation Holdings Limited

At 31 December 2022, the Company had extended a loan, before expected credit losses, of £35,000 (31 December 2021: £35,000) and a secured loan, before expected credit losses, of £350,264 (31 December 2021: £350,264) to Next Generation Holdings Limited, joint venture of the Company. The terms of the secured loan are interest payable quarterly at a rate of 8% per annum for a term up to three years and the security is a Guernsey law governed security interest agreement pursuant to which Next Generation Holdings Limited (UK registered company) grants a security interest over shares held by it as shareholder in Next Generation Holdings Limited (Guernsey registered company) in favour of the lender. There were no repayments of loans during the year (2021: the borrower repaid £1,338,133 of the secured loan, resulting in a balance outstanding at the end of the year of £350,264 and no repayments were made on the extended loan).

Loans to Enhance Group Limited

The Company had an extended unsecured loan to Enhance Group Limited, associate of the Company. The terms of the unsecured loan were interest payable monthly at a rate of 9.5% per annum, with the loan due to be repaid on or before 1 August 2022. As at 31 December 2022, Enhance Group Limited had made repayments totalling £33,684 (2021: £46,704), resulting in a balance outstanding at the end of the year of £Nil (31 December 2021: £33,684). No loan interest was outstanding at 31 December 2022 (31 December 2021: £Nil).

6. Loans advanced at amortised cost (continued)

Expected credit losses on loans advanced at amortised cost
During the year ended 31 December 2022, on the implementation of IFRS 9, the Company recognised an ECL on its loan portfolio of £227,952 in the Statement if Comprehensive Income (31 December 2021: no ECL). The expected credit losses for the year of £20,709 and £207,242 (2021: Nil) relate to the extended loan with Next Generation Holdings and the secured loan with Next Generation Holdings respectively.

As detailed in the Investment Manager's Report, the Fund has a 50% holding in NextGen, a joint venture with the former CEO of a multinational insurance company, which is in turn, the majority stakeholder in NGW. NGW is the sole owner of Ambon Insurance Brokers Limited, formerly AFL Insurance Brokers Limited ("Ambon"), a UK-based Lloyds broker in run-off. The Next Generation Group is continuing with the orderly break-up of assets whilst overseeing the solvent wind-down of Ambon itself and the receipt of deferred considerations due on its previous asset sales. It continues to explore all possible avenues with regards to the overstatement of historical profits in Ambon by the previous owners. The court case is expected to reach a conclusion this year with the trial scheduled to take place in June 2023.

7. Fair value

Financial assets at fair value through profit or loss

	31 December 2022	**31 December 2021**
	£	**£**
Fair value brought forward	66,188,758	63,641,079
Purchases at cost	-	64,498
Sales	(4,243,493)	-
Realised losses on investments	(1,075,526)	-
Unrealised (losses)/gains on financial assets at fair value through profit or loss	(6,649,477)	2,483,181
Fair value carried forward	**54,220,262**	**66,188,758**
Closing book cost	47,871,003	53,190,022
Closing revaluation of investments	6,349,259	12,998,736
	54,220,262	**66,188,758**

7. Fair value (continued)

Financial assets at fair value through profit or loss (continued)

The Company uses valuation techniques, in accordance with International Private Equity and Venture Capital ("IPEV") Valuation Guidelines and methodologies to estimate a fair value that is in adherence with the requirements of IFRS 13 as at the valuation date. IFRS 13 requires that a fair value hierarchy be established that prioritises the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under IFRS 13 are as follows:

– Level 1: inputs that are quoted market prices (unadjusted) in active markets for identical instruments.

– Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments; quoted for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

– Level 3: inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments but for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgement. Observable data is considered to be market data that is readily available, regularly distributed or updated, reliable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

There are no level 1 financial instruments in the Company's portfolio.

Level 2 financial instruments are valued based on quoted bid price, dealer quotations or alternative pricing sources supported by observable inputs. As Level 2 investments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information. The Investment Manager will assess at each valuation date whether a discount should be applied to the quoted market price and provide evidence to the Board (using all observable inputs available) to substantiate their suggestion. If applicable, an appropriate discount rate (calculated in reference to industry norms and all observable inputs available) will be suggested by the Investment Manager for approval by the Board.

7. Fair value (continued)

Financial assets at fair value through profit or loss (continued)

Level 3 investments are initially valued at the purchase price of the recent investment, excluding transaction costs. During the initial 12-month period following each investment, an assessment will be made at each valuation date whether any changes or events subsequent to the investment would imply a change in the investment's fair value from the original investment price. In the absence of such changes or events, investments will continue to be valued at the initial cost of the investment itself, excluding transaction costs, or, where there has been subsequent investment, the price at which a significant amount of new investment into the investee company was made. Once maintainable earnings can be identified, the preferred method of valuation is the earnings multiple valuation technique, where a multiple that is an appropriate and reasonable indicator of value (given the industry, geographic location, size, risk profile and earnings growth prospects of the investee company) is applied to the maintainable earnings of the investment.

Occasionally other methods as deemed suitable may be used, such as revenue or gross profit multiples, net assets, break-up value, price of recent investment or discounted cash flows. The techniques used in determining the fair value of the Company's investments will be selected on an investment-by-investment basis so as to maximise the use of market-based observable inputs.

The investment in PraxisIFM is valued at its quoted bid price on TISE. As PraxisIFM shares are not considered to be traded in an active market, this investment is included in Level 2 of the fair value hierarchy.

There are no available market prices for the investments in Oak Group, NextGen, Enhance and CORVID, which are valued using appropriate valuation techniques. These investments are included in Level 3 of the fair value hierarchy.

The following table analyses within the fair value hierarchy the Company's financial assets and liabilities measured at fair value at 31 December 2022:

At 31 December 2022	**Level 1**	**Level 2**	**Level 3**	**Total**
	£	**£**	**£**	**£**
Assets				
Financial assets at fair value through profit or loss	-	13,606,474	40,613,788	54,220,262
Total	**-**	**13,606,474**	**40,613,788**	**54,220,262**

At 31 December 2021	**Level 1**	**Level 2**	**Level 3**	**Total**
	£	**£**	**£**	**£**
Assets				
Financial assets at fair value through profit or loss	-	26,291,188	39,897,570	66,188,758
Total	**-**	**26,291,188**	**39,897,570**	**66,188,758**

There have been no transfers between levels of the fair value hierarchy during the year (31 December 2021: Nil). Transfers between levels of the fair value hierarchy are recognised at the end of the reporting period during which the change has occurred.

7. Fair value (continued)

Financial assets at fair value through profit or loss (continued)

Movements in the Company's Level 3 financial instruments during the year were as follows:

	Year ended 31 December 2022 £	Year ended 31 December 2021 £
Opening balance	39,897,570	41,882,854
Purchases	-	64,498
Net gains/(losses) on financial assets during the year	716,218	(2,049,782)
Closing balance	**40,613,788**	**39,897,570**

The Company's policy is to value its Level 3 investments in accordance with the most appropriate valuation methodology for each investment, as determined by the Directors.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2022

7. Fair value (continued)

Valuation models at 31 December 2022

Level	Valuation Technique	Description	Fair Value (£)	Unobservable Inputs	Sensitivity to changes unobservable inputs	Impact on fair value of changes in unobservable inputs (£)
Level 2	Quoted market bid price	Praxis IFM Group Limited	13,606,474	N/A	N/A	N/A
Level 3	Investment Manager's valuation based on comparable earnings multiple	Oak Group Limited	37,304,422	Earnings multiple	The estimate of fair value would increase/decrease if the earnings multiple was higher/lower	A 5% increase/decrease in the multiple applied would have resulted in an increase/decrease in fair value of £1,955,705
Level 3	Net realisable assets	Next Generation Holdings Limited	-	Net realisable assets value	The estimate of fair value would increase/decrease if the net realisable asset value was higher/lower	N/A
Level 3	Investment Manager's valuation based on comparable earnings multiple	Enhance Group Limited A ordinary shares Enhance Group Limited C ordinary shares	1,546,806	Earnings multiple	The estimate of fair value would increase/decrease if the earnings multiple was higher/lower	A 5% increase/decrease in the multiple applied would have resulted in an increase/decrease in fair value of £581,053
Level 3	Investment Manager's valuation based on recent offer price	Corvid Holdings Limited B shares	75,000	Recent offer price	The estimate of fair value would increase/decrease if the offer price was higher/lower	A 5% increase/decrease in the offer price would have resulted in an increase/decrease in fair value of £3,750
Level 3	Investment Manager's valuation based on purchase cost	Enhance Group Limited D preference shares Next Gen Worldwide Limited preference shares	1,687,560	N/A	N/A	N/A
		Total	**54,220,262**			

7. Fair value (continued)

Valuation models at 31 December 2021

Level	Valuation Technique	Description	Fair Value (£)	Unobservable Inputs	Sensitivity to changes unobservable inputs	Impact on fair value of changes in unobservable inputs (£)
Level 2	Quoted market bid price	Praxis IFM Group Limited	26,291,188	N/A	N/A	N/A
Level 3	Investment Manager's valuation based on comparable earnings multiple	Oak Group Limited	36,182,201	Earnings multiple	The estimate of fair value would increase/decrease if the earnings multiple was higher/lower	A 5% increase/decrease in the multiple applied would have resulted in an increase/decrease in fair value of £1,925,128
Level 3	Net realisable assets	Next Generation Holdings Limited	389,647	Net realisable assets value	The estimate of fair value would increase/decrease if the net realisable asset value was higher/lower	A 5% increase/decrease in the net realisable asset value would have resulted in an increase/decrease in fair value of £19,482
Level 3	Investment Manager's valuation based on recent transaction supported by analysis	Enhance Group Limited A ordinary shares Enhance Group Limited C ordinary shares	1,418,752	Recent transaction price	The estimate of fair value would increase/decrease if the transaction price was higher/lower	A 5% increase/decrease in the transaction price would have resulted in an increase/decrease in fair value of £70,937
Level 3	Investment Manager's valuation based on revenue multiple and net realisable assets	Corvid Holdings Limited B shares	219,410	Revenue multiple	The estimate of fair value would increase/decrease if the revenue multiple of 0.75 was higher/lower	A shift of +/- 0.5 in absolute value of the weighted average input would have resulted in an increase/decrease in fair value of £67,475
Level 3	Investment Manager's valuation based on purchase cost	Enhance Group Limited D preference shares Next Gen Worldwide Limited preference shares	1,687,560	N/A	N/A	N/A
		Total	**66,188,758**			

7. Fair value (continued)

Price sensitivity of investments not valued using unobservable inputs

A 5% increase/decrease in the valuation of the investment valued at quoted market bid price would result in an increase/decrease in fair value of £680,324 (31 December 2021: £1,314,559).

A 5% increase/decrease in the valuation of the investments valued at their purchase cost would result in an increase/decrease in fair value of £84,378 (31 December 2021: £84,378).

Other financial assets and liabilities

All of the Company's other financial assets and liabilities are measured at amortised cost. The carrying value of these assets and liabilities is considered be a reasonable approximation of their fair value.

	31 December 2022		31 December 2021	
	Carrying value	Fair value	Carrying value	Fair value
	£	£	£	£
Assets				
Cash and cash equivalents	725,767	725,767	119,427	119,427
Loans due from associate and joint venture	157,312	157,312	418,948	418,948
Trade and other receivables	481,338	481,338	452,017	452,017
Total	**1,364,417**	**1,364,417**	**990,392**	**990,392**
Liabilities				
Trade and other payables	496,212	496,212	793,936	793,936
Total	**496,212**	**496,212**	**793,936**	**793,936**

Cash and cash equivalents include deposits held with banks.

8. Dividends

The Directors intend that returns should be generated for Shareholders primarily through capital appreciation of their investment. The Directors intend to operate a distribution policy for the Company commensurate with and appropriate to the make-up of its investment portfolio and investment policy from time to time.

No dividends were declared by the Board of Directors during the year (31 December 2021: no dividends).

On 2 March 2023, the Board of Directors announced that the Company will pay a dividend to Ordinary Shareholders at 1.5 pence per share with a payment date of 13 March 2023.

9. Taxation

With effect from 20 December 2019, the Company was granted tax exempt status. The income of the Company is exempt from tax for the year ended 31 December 2022. During the year the Company has incurred withholding tax of £Nil (31 December 2021: £Nil) on dividend income.

10. Other expenses

	31 December 2022	31 December 2021
	£	£
Audit fees	(38,658)	(29,300)
Directors' and officers' insurance fees	(9,930)	(8,479)
Listing and sponsor's fees	(8,379)	(8,820)
Regulatory fees	(8,930)	(9,207)
Other expenses	(38,799)	(37,015)
	(104,696)	**(92,821)**

11. Trade and other receivables

	31 December 2022	31 December 2021
Current	£	£
Dividends receivable	112,297	99,406
Loan interest receivable	369,041	352,611
	481,338	**452,017**

12. Trade and other payables

	31 December 2022	31 December 2021
Current	£	£
Investment Management fee	416,999	726,290
Other payables	79,213	67,646
	496,212	**793,936**

13. Revolving credit facility

	31 December 2022	31 December 2021
	£	£
Revolving credit facility – Investec CI	-	2,500,000
	-	**2,500,000**

A revolving credit facility ("RCF") with Investec Bank (Channel Islands) Limited ("Investec") was arranged in November 2019 for an amount up to £1,000,000, subsequently extended to £4,500,000, which was drawn down in full. The purpose of the RCF was to provide working capital in respect of financing current and future commitments and investments.

The RCF consisted of four tranches. The first and second tranches totalling £2,500,000, repayable on or before 9 December 2022 were repaid on 4 May 2022. The third and fourth tranches totalling £2,000,000 were repaid during the prior year.

Interest on the RCF was charged at base rate plus a margin ranging between 3.75% and 5.00%, payable quarterly.

During the year ended 31 December 2022, the Company was charged an amount of £39,322 (31 December 2021: £179,826), in respect of interest on the RCF, of which £Nil (31 December 2021: £5,685) was outstanding at the end of the year.

14. Share capital

The Company's shares are classified as equity. Incremental costs directly attributable to the issue of shares are recognised as a deduction in equity and are charged to the share capital account, including the initial set up costs.

The authorised share capital of the Company is represented by an unlimited number of shares of nil par value. All shares are equally eligible to receive dividends and the repayment of capital and represent one vote at the Shareholders' meeting.

	Year ended 31 December 2022		Year ended 31 December 2021	
	Number	**£**	Number	**£**
Total share capital at the beginning and end of the year	51,093,750	50,921,298	54,500,000	55,185,033

On 11 May 2022, the Board of the Fund announced in its results for the year ended 31 December 2021 that the Fund intended to distribute c.£4 million to shareholders by way of a tender offer. Shareholders were given the opportunity to tender 1 Ordinary Share for every 16 Ordinary Shares held at a tender price of 116.68p. The maximum number of 3,406,250 Ordinary Shares were duly acquired, resulting in a payment to participating shareholders of £3.97m. The Ordinary Shares purchased by the company pursuant to the Tender Offer were cancelled upon settlement on 15 July 2022 and the Fund now has 51,093,750 Ordinary Shares in issue.

15. Share-based payments

The following options for shares of the Company were granted to RL, in its capacity as investment manager to the Company to 1 June 2020, excluding options which have lapsed. Following the change in the investment manager on 1 June 2020 from RL to RSFML, the share options granted to RL were novated to RSFML on 19 January 2021. The options were exercisable at a price in accordance with the agreements on the date of grant.

During the year, the remaining options in Tranches 1b, 2b, 3b, totalling 2,893,225 shares, were net settled by the Company at a value of 10p per option, and the options in Tranches 4a and 4b were cancelled (31 December 2021: the options in Tranches 1a and 2a expired and lapsed with no value and the dates of expiry of the options in tranches 1b, 2b and 3b were extended to 22 March 2022. 580,873 share options in Tranche 1b were exercised at a price of £1 per share during the year). No new share options were issued during the period (31 December 2021: Nil).

As a result of the cancellations mentioned above, as at 31 December 2022, there were no share options in issue. As at 31 December 2021, 3,982,929 share options were in issue, of which 2,893,225 were exercisable and in the money, with an estimated fair value of £284,234.

15. Share-based payments (continued)

As at 31 December 2021

Options granted solely to the Investment Manager

	Date of grant	Vesting date	Date of expiry	Remaining contractual life (days)	Number of share options	Estimated fair value £	Expensed / (written back) through Profit or Loss during the year £
Tranche 1a	07/10/2016	08/10/2018	08/10/2021	-	-	-	(10,588)
Tranche 2a	16/12/2016	17/12/2018	17/12/2021	-	-	-	(4,351)
Tranche 3a	06/02/2017	07/02/2021	07/02/2022	38	119,117	810	21
Tranche 4a	11/04/2018	12/04/2020	12/04/2023	467	323,529	7,021	-
Options granted to the Investment Manager, transferrable to members of the Investment Management team							
Tranche 1b	07/10/2016	08/10/2018	22/03/2022	81	1,748,538	130,265	(43,275)
Tranche 2b	16/12/2016	17/12/2018	22/03/2022	81	994,599	76,485	-
Tranche 3b	06/02/2017	07/02/2019	22/03/2022	81	150,088	11,482	-
Tranche 4b	11/04/2018	12/04/2020	12/04/2023	467	647,058	58,171	-
					3,982,929	**284,234**	**(58,193)**

The fair values of the options are estimated using a Black Scholes simulation model using the following inputs:

	Tranche 1a	Tranche 2a	Tranche 3a	Tranche 4a	Tranche 1b	Tranche 2b	Tranche 3b	Tranche 4b
Exercise price	£1.50	£1.50	£1.50	£1.50	£1.00	£1.00	£1.00	£1.18
Share price at grant date	£1.00	£1.00	£1.00	£1.18	£1.00	£1.00	£1.00	£1.18
Expected volatility	12.65%	12.65%	12.65%	11.53%	12.65%	12.65%	12.65%	11.53%
Expected dividend yield	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Discount rate	0.52%	0.66%	0.85%	1.14%	0.52%	0.66%	0.64%	1.14%

16. Reserves

	Year ended 31 December 2022		
	Retained earnings	Share-based payment reserve	Total reserves
	£	£	£
Balance at the beginning of the year	8,422,168	284,234	8,706,402
Loss and total comprehensive loss for the year	(4,528,643)	-	(4,528,643)
Settlement of share options	284,234	(284,234)	-
Dividend declared	-	-	-
Total	**4,177,759**	**-**	**4,177,759**

	Year ended 31 December 2021		
	Retained earnings	Share-based payment reserve	Total reserves
	£	£	£
Balance at the beginning of the year	6,054,570	342,427	6,396,997
Profit and total comprehensive income for the year	2,367,598	-	2,367,598
Charge to equity for equity-settled share-based payments	-	(58,193)	(58,193)
Dividend declared	-	-	-
Total	**8,422,168**	**284,234**	**8,706,402**

Retained earnings represents the balance of accumulated profit and total comprehensive income less dividends declared.

Share-based payment reserve represents the balance of accumulated amounts credited to equity in respect of equity-settled share-based payments.

17. Related party transactions

Transactions with related parties

The Directors, the Investment Manager and the Administrator are considered to be related parties of the Company. Ravenscroft Holdings Limited ("RHL") is also considered to be a related party, as it is the ultimate parent Company of the Investment Manager, and certain Directors of the Company are shareholders in RHL. For details of the agreements with the Directors, the Investment Manager and the Administrator and the fees payable to them during the year see Note 4.

Shares held by related parties

The shareholdings of the Directors in the Company at 31 December 2022 were as follows:

	31 December 2022		31 December 2021	
Name	**Number of Shares**	**Percentage**	**Number of Shares**	**Percentage**
Mel Carvill (Chairman)	1,118,906	2.13%	1,160,000	2.13%
Peter Gillson	562,500	1.10%	600,000	1.10%
Fintan Kennedy	42,187	0.08%	45,000	0.08%

As at the date of this report, Mel Carvill and Peter Gillson hold 70,000 shares and 25,000 shares respectively in the parent company of the Investment Manager.

17. Related party transactions (continued)

Shares held by related parties (continued)
As at 31 December 2022, companies and key individuals classified as related parties of the Company due to their connection with the Investment Manager and its wider group held 11,534,101 (31 December 2021: 11,394,223) shares in the Company and options for Nil (31 December 2021: 3,982,929) shares in the Company (see Note 14).

Loans held with related parties
At 31 December 2022, the Company had extended a loan of £14,291 and a secured loan of £143,021 (31 December 2021: £350,264) to Next Generation Holdings Limited, joint venture of the Company. The terms of the secured loan are interest payable quarterly at a rate of 8% per annum for a term up to three years and the security is a Guernsey law governed security interest agreement pursuant to which Next Generation Holdings Limited (UK registered company) grants a security interest over shares held by it as shareholder in Next Generation Holdings Limited (Guernsey registered company) in favour of the lender. There were no repayments of loans during the year however expected credit losses of £227,952 (2021: Nil) have been recognised in the statement of comprehensive income (see Note 6 for further details) (2021: the borrower repaid £1,338,133 of the secured loan, resulting in a balance outstanding at the end of the year of £350,264 and no repayments were made on the extended loan).

The Company had an extended unsecured loan to Enhance Group Limited, associate of the Company. The terms of the unsecured loan were interest payable monthly at a rate of 9.5% per annum, with the loan due to be repaid on or before 1 August 2022. As at 31 December 2022, Enhance Group Limited had made repayments totalling £33,684 (2021: £46,704), resulting in a balance outstanding at the end of the year of £Nil (31 December 2021: £33,684). No loan interest was outstanding at 31 December 2022 (31 December 2021: £Nil).

During the year, the Company received dividend and interest income from its investee companies as follows:

	31 December 2022	31 December 2021
	£	£
Enhance Group Limited	32,046	36,472
Oak Group Limited	-	1,000,000
Praxis IFM	4,539,163	-
Next Generation Holdings Limited	29,321	201,439

18. Investment in unconsolidated subsidiaries, associates and joint ventures

	Date of acquisition	Domicile	Ownership
Enhance Group Limited	28 November 2016	Jersey	38%
Next Generation Holdings Limited	28 April 2017	Guernsey	50%
Oak Group Limited	7 September 2018	Guernsey	75%

There are no significant restrictions on the ability of an unconsolidated subsidiary to transfer funds to the Company in the form of cash dividends, nor any current commitments or intentions to provide financial or other support to an unconsolidated subsidiary.

19. (Loss)/earnings per share

	Year ended 31 December 2022	
	Basic	**Diluted**
Loss for the year	(4,528,643)	(4,528,643)
Weighted average number of shares	52,922,860	52,922,860
Loss per share	**(8.56)p**	**(8.56)p**

	Year ended 31 December 2021	
	Basic	**Diluted**
Earnings for the year	2,367,598	2,367,598
Weighted average number of shares	54,431,568	57,393,225
Earnings per share	**4.35p**	**4.13p**

Basic and diluted loss per share are arrived at by dividing the loss for the financial year by, respectively, the weighted average number of shares in issue and the weighted average number of shares plus the potential shares in issue. The reconciliation of the weighted average number of shares used for the purposes of diluted loss per share to the weighted average number of ordinary shares used in the calculation of basic loss per share is as follows:

	31 December 2022 Number of Shares	**31 December 2021 Number of Shares**
Weighted average number of shares used in basic earnings/ loss per share	52,922,860	54,431,568
Weighted average number of potential shares deemed to be issued	-	2,961,657
Weighted average number of shares used in diluted earnings/loss per share	52,922,860	57,393,225

The dilution arises from the potential exercise of share options granted to the Investment Manager and the members of the investment management team (see Note 15). As at 31 December 2022, there were no shares with a dilutive effect. As at 31 December 2021, only the exercisable share options granted to the members of the investment management team had a dilutive effect, as the price of the Company's shares at 31 December 2021 exceeded the exercise price.

20. Commitments

At the end of the reporting period no commitments existed.

21. Controlling Party

The Directors consider that the Company has no ultimate controlling party.

22. Events after the end of the reporting period

On 13 February 2023, the Company changed its registered address from Sarnia House, Le Truchot, St Peter Port, Guernsey, GY1 1GR to 1 Royal Plaza, Royal Avenue, St Peter Port, Guernsey, GY1 2HL.

On 13 March 2023, the Company paid a dividend to Ordinary Shareholders at a rate of 1.5 pence per share totalling £766,406.

There were no other events after the end of the reporting period that require disclosure in these Financial Statements.

PORTFOLIO STATEMENT (unaudited)

As at 31 December 2022

	Holding	Market Value	Percentage of Net Asset Value
Listed Investments		£	%
Praxis IFM Group Limited	12,369,522	13,606,474	24.69
Unlisted Investments			
Oak Group Limited	284,377	37,304,422	67.70
Next Generation Holdings Limited	1,203	-	-
Next Gen Worldwide Limited	194,959	1,173,653	2.13
Enhance Group Limited	503	2,060,713	3.74
Corvid Holdings Limited	10	75,000	0.14
		40,613,788	73.72
Total Investments		**54,220,262**	**98.41**
Other net assets		878,795	1.59
Net assets attributable to holders of Ordinary Shares		**55,099,057**	**100.00**