FINANCIAL SERVICES OPPORTUNITIES INVESTMENT FUND LIMITED

ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS

For the year ended 31 December 2020

FINANCIAL SERVICES OPPORTUNITIES INVESTMENT FUND LIMITED

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FINANCIAL SERVICES OPPORTUNITIES INVESTMENT FUND LIMITED

MANAGEMENT AND ADMINISTRATION

For the year ended 31 December 2020

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
Sarnia House
Le Truchot
St Peter Port
Guernsey
GY1 1GR

ADMINISTRATOR, REGISTRAR, LISTING SPONSOR AND SECRETARY
Praxis Fund Services Limited
Sarnia House
Le Truchot
St Peter Port
Guernsey
GY1 1GR

INDEPENDENT AUDITOR
Grant Thornton Limited
Lefebvre House
Lefebvre Street
St Peter Port
Guernsey
GY1 3TF

INVESTMENT MANAGER (from 1 June 2020)
Ravenscroft Specialist Fund Management Limited
P.O. Box 222
20 New Street
St Peter Port
Guernsey
GY1 4JG

INVESTMENT MANAGER (until 31 May 2020) AND MARKET MAKER
Ravenscroft (CI) Limited (formerly Ravenscroft 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 2020

2020 was undoubtedly a very challenging year. Yet the management teams across the Fund's investee companies responded well to the difficult circumstances, with all businesses and their staff able to adapt to remote working quickly and effectively to ensure a seamless and continued service to their clients. Whilst some businesses have found it more difficult to win new clients with the lack of face-to-face meetings, the businesses with significant operations in the Crown Dependencies have benefitted from the relatively short lockdown periods compared to other jurisdictions.

The Fund's NAV per share as at 31 December 2020 was £1.1238 (2019: £1.2143), a decrease of 9.05p (7.45%) over the financial year after accounting for the 1p dividend declared, but still remaining 12.38% above its value on launch.

The decrease in 2020 was mainly due to the fall in the share price of PraxisIFM Group Limited ("PraxisIFM"), which dropped to £1.20 per share (bid price) as at 31 December 2020 from £1.55 per share at the previous year end (the share price has since increased to £1.30 per share at the time of writing). This fall in price can be attributed to a series of decisions that ultimately detracted from PraxisIFM's core activities. Representing the Fund's interest, the Manager actively challenged a number of these decisions and sought the management changes which have taken place over the past few months.

The drop in the PraxisIFM share price resulted in a decrease in value to the Fund of £6.3m year on year. However, this was largely offset by the gain in value in respect of Oak Group Limited ("Oak"), which increased by £4.9m on the previous year, helped further by the post-year end increase in the PraxisIFM share price.

The Board and the Manager are encouraged to see that PraxisIFM and Oak in particular, as the cornerstone investments in the Fund's portfolio, are now well placed for further success. They have each focussed on integration following their various acquisitions and restructurings that have taken place over recent periods and are starting to see the financial benefits from this.

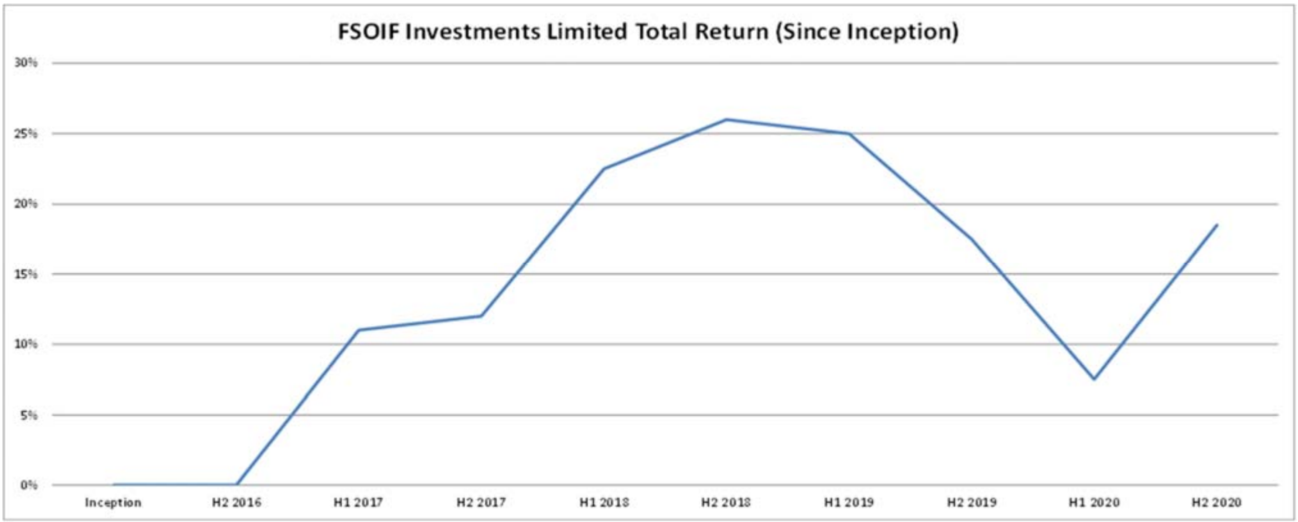
The Fund increased its leverage position over the course of 2020 by extending its revolving credit facility with Investec from £1m to £4.5m. This was done in order to meet deferred earn out payments in connection with the Oak acquisitions and to provide emergency shareholder support to the Next Generation investment, including through subscriptions for preference shares following the unfortunate discovery of historic accounting irregularities. The Board intends that this will only be a short term liability and is seeking to reduce the debt over the course of this year, with £0.5m having been repaid in Q1 2021.

In early March 2020, the Fund announced that it would declare a 1p dividend, but this was then postponed in light of the pandemic. The Directors were pleased to reinstate this dividend in December 2020, with payment being made in February 2021.

CHAIRMAN'S REPORT (continued)

For the year ended 31 December 2020

Previous dividends paid to shareholders include 1.5p per share in November 2018 and 1p per share in November 2017, with total returns since the launch of the Fund shown in the graph below.



It was announced last month that Peter Gillson, one of the directors of the Fund, has been appointed to the board of directors of PraxisIFM. The Board welcomes this appointment.

The Board and the Manager continue to work alongside the management of the investee companies in these uncertain times, offering support and challenging them where required, in order to generate the best possible outcome both for the businesses and in respect of the returns on the Fund's investments. Whilst the Board and the Manager were disappointed to see that discussions for the potential merger of PraxisIFM and Oak fell through at the end of last year, we are reassured and indeed optimistic to see that the current outlook for the various businesses looks very positive, with strong pipelines. Further details are contained in the Manager's report. The Board and the Manager continue to seek and evaluate opportunities to achieve the Fund's objective of attaining long term capital growth and an income stream for shareholders.

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

Mel Carvill
Chairman
16 April 2021

INVESTMENT MANAGER'S REPORT

For the year ended 31 December 2020

Published Net Asset Value ("NAV") as at 31 December 2020 was 112.38p per share (31 December 2019: 121.43p per share).

Net Asset Value ("NAV") per the Statement of Financial Position as at 31 December 2020 was 113.13p per share (31 December 2019: 122.75p per share).

Current share price: **110p – 120p**

Performance overview

Ravenscroft Specialist Fund Management Limited (the "Manager") is pleased to report on the progress made in 2020 by Financial Services Opportunities Investment Fund Limited (the "Fund"), despite the challenging conditions facing its portfolio over the year.

The COVID-19 pandemic and resulting lockdowns inevitably posed significant challenges to many of the Fund's investee businesses, most notably to their ability to convert new business opportunities due to the lack of face-to-face interactions available. However, we were reassured and impressed by the responses of the management teams of all the businesses, enabling each to provide uninterrupted service to their clients and maintain financial performance. The Crown Dependencies have suffered a lower level of disruption than many jurisdictions, which has benefitted the Fund's investment portfolio overall.

We welcomed the news of the proposed combination of PraxisIFM and Oak Group during the year, which we viewed as potentially having a significant, positive impact for the Fund and its shareholders. The announcement late in 2020 that the proposed transaction had been set aside was therefore initially disappointing although we understand the reasons for this decision and have been encouraged by the responses of the respective management teams. Each business has achieved significant growth through acquisition over recent periods and we are now seeing them focus on consolidation and organic growth, whilst still retaining plans for further acquisitions in the future. With both businesses returning sound financial results and making solid progress with their integrations, we are content to maintain the current positions and to benefit from their earnings.

The completion of the Oak Group earn out periods, along with the necessity for shareholder support within the Next Generation structure have seen the Fund increase its leverage position over the course of 2020 through the increase of its revolving capital facility with Investec Bank. We do not view this as a long-term strategy and are aiming to reduce this in 2021, with £0.5m already paid off in Q1.

Following its initial postponement in early 2020 amid the uncertainty surrounding COVID-19, the 1p per share dividend initially declared at the end of 2019 was reinstated at the end of 2020 and paid in Q1 2021 following a £1m dividend received from Oak Group.

As at 31 December 2020, the published NAV of the Fund had decreased by 7.45% during the period but remained 12.38% above launch price.

Portfolio review

Oak Group Limited ("Oak Group")

Following the group consolidation in 2019, Oak Group's management focus in 2020 was centred on integration, investment and reorganisation, along with the development of its new business and acquisition pipelines, all whilst showing resilience in the face of challenging conditions brought about by the COVID-19 pandemic.

Oak Group comprises licensed trust and company administration businesses in Guernsey, Jersey, the Isle of Man and Mauritius, with certain back-office functions in Malta. The Jersey business also boasts a growing fund services offering whilst in Guernsey the Group has a separate fund services operation – the former IAG business that was purchased in May 2019.

Oak Group Limited ("Oak Group") (continued)

Oak Group's aim is to become the service provider of choice in servicing trusts, companies and funds within the jurisdictions in which it operates. It aims to capitalise on a strong client base, management and reputation in order to build revenue and market share.

Oak Group employs almost 200 staff, ninety of whom are in Guernsey and who have recently moved into Oak Group's newly refurbished headquarters, Oak House in St. Peter Port. This has been a major project for the business during 2020 and offers a superb working environment for staff and spacious, quality meeting spaces for client interactions.

During the year the final earn out criteria were met for both Oak Trust Group (Guernsey) Limited and Oak Fund Services (formerly International Administration Group), and the final deferred considerations settled as a result, signalling the completion of all Oak Group acquisitions to date. Since April 2020, Oak Guernsey has welcomed the arrival of five further client relationship directors from Intertrust, following on from Paul Schreibke who joined in 2019 as Oak's Managing Director in Guernsey after 27 years with Intertrust.

The client base of Oak Group is diverse with a solid weighting of fixed fees and has a robust operating model. The Group was well placed to meet the challenges of COVID-19 and was able to adapt swiftly to fully remote working throughout lockdown restrictions across its five office locations. This was possible due to the continued investment and development of Oak Group's technology infrastructure. Invariably restriction on travel has impacted the Group's ability to generate new business leads from the traditional channels which have brought Oak Group so much success in the past, but this has been offset by new business wins made by new client relationship directors and the successful expansion of Oak Group's fund services in Jersey.

As a result of the above, the Group is forecasting further income growth for 2021-2022. Oak Group finished its financial year to 31 March 2020 with audited revenue of £17.96m. Draft annual figures for 2021 show further, meaningful growth and the Group is budgeting revenues in excess of £21.6m for the year to 31 March 2022, which would represent a 20% revenue growth over two years.

Industry recognition in the year at a corporate and individual level for Oak has come from Chambers and Partners HNW Guide 2020, which rated the Guernsey and Jersey businesses as leading trust companies, multiple short-listings in the City Wealth and Wealth Briefing awards, and an impressive two entries in ePrivate Client's CI Top 35 under 35.

In Q1 2021, Graham McCormack was announced as Oak Group's Chief Executive Officer, following the exit of Stuart Platt-Ransom. Graham held the role of Chief Operating Officer prior to this promotion and being instrumental in guiding the Group through the challenges of COVID-19. He first joined the former Oak Trust business in Guernsey in 2007 and assumed the role of Finance Director in 2009. He is supported in his new position by fellow Oak Group executive board members Mark Chasey as Chairman and Oliver de la Fosse as Chief Financial Officer.

The Manager continues to work closely with Oak Group as they take the business forwards from four owner-managed businesses to a highly regarded and well-positioned international financial services group. We are encouraged to see the foundations set by the fund being built upon by its management team, and we anticipate further growth over the coming year.

Oak Group comprised 62.30% of the Fund's published NAV as at 31 December 2020.

PraxisIFM

PraxisIFM has emerged strongly from a challenging period in 2020 and, having seen its management take many positive steps during the year, the Manager is encouraged by its prospects for 2021 and beyond.

The first quarter of the year saw PraxisIFM's quoted share price on The International Stock Exchange ("TISE") fall from a £1.55 bid-price per share at 31 December 2019 to £1.30 at 31 March 2020. This followed announcements detailing the resignation of the company's CEO and CFO, along with the suspension of its dividend. However, a strategic review announced in February 2020 was followed by positive action.

In April 2020, the shareholders approved the disposal of PraxisIFM's 50% interest in InAdmin RiskCo Group B.V., enabling the group to focus on its core business lines going forward and therefore to help achieve its objective of strong dividend growth. The Manager was supportive of this transaction.

Several board changes took place during 2020 and into the early part of 2021. Robert Fearis was appointed Group CEO in February 2020, Richard Morris promoted to Group CFO, also in February 2020. Further additions to the board have included Martyn Crespel as Executive Director and Stephanie Coxon as Non-Executive Director and Chair of the Audit Committee. In March 2021, Peter Gillson, a Non-Executive director of the Fund was appointed as a Non-Executive Director of PraxisIFM.

PraxisIFM's underlying financial performance has shown a return to growth after disappointing annual results for the year ended 30 April 2020, which included the impact of the loss-making InAdmin RiskCo disposal. Its interim results for the six months to 31 October 2020 were released in January 2021 and showed a significant improvement in EBITDA compared to the equivalent period in the prior year, being up 19% from £4.2m to £5.0m for the half year. Its net debt position continues to be reduced and the board has also recognised the importance of dividends to shareholders and has stated its intention to return to its stated dividend policy as soon as practically possible.

Management has stressed that its focus is on the robust integration of its recent acquisitions, accelerated development of its technology platform and streamlining operations for more seamless group-wide collaboration and greater efficiency. As a result, the profit margin is up and the leadership team continues to put the Group's annual results of the previous, difficult financial year firmly behind it and to focus on future performance.

While the global COVID-19 pandemic resulted in a slowing in new business conversion, PraxisIFM's interim report shows that its new business prospects remain strong and the company is well positioned to take on this work when those client transactions and fund launches that are currently paused are resumed.

PraxisIFM's quoted share price finished the year at £1.20 per share bid-price but following the release of the aforementioned interim results we have since been encouraged to note a pickup to its current level of £1.30.

The Fund's 16.1% interest in PraxisIFM comprised 35.91% of the Fund's published NAV as at 31 December 2020.

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, and in turn, NextGen is the majority stakeholder in NextGen Worldwide Limited ("NGW"). NGW is the sole owner of AFL Insurance Brokers Limited ("AFL"), a UK-based Lloyds broker, and separately also a majority shareholder in Zodiac Insurance Services LLC ("Zodiac"), a managing general agent (MGA) based in the USA.

2020 was a challenging year for the UK-based entity AFL, with operations in London and Manchester, due largely to COVID-19. As a broking company on a growth trajectory, winning new business was fundamental to AFL's business plan and so the various UK lockdowns, preventing face-to-face contact, have had a significant impact on its financial performance.

Next Generation Holdings Limited ("NextGen") and Next Gen Worldwide Limited ("NGW") (continued)

Unfortunately, during the first half of the year, accounting inaccuracies overstating historical profits were identified within AFL. In order to protect its investment and stabilise the business, the Fund participated alongside other shareholders in fundraises during the year and have adjusted the carrying value of the Fund's investment appropriately. NextGen and AFL are both undertaking the appropriate legal steps to protect their interests regarding these historical issues.

Recognising AFL's ongoing challenges and with a view to returning funds to shareholders, NGW has elected to sell AFL's retail and wholesale books, and to conduct an orderly wind-down process for AFL itself. Binding agreements for each of the segments were signed in Q1 2021.

Zodiac meanwhile, despite challenging conditions in the US given its exposure bias to the entertainment and sport sector, has weathered the storm effectively and remained profitable throughout. As a standalone investment with a consistent history of strong performance it remains a strong asset.

NextGen and NGW comprised 3.27% of the Fund's published NAV as at 31 December 2020.

Enhance Group Limited ("Enhance")

The management team at Enhance made further significant steps in 2020 to become a true FinTech-based service provider. The plan to exit non-core businesses was completed during the year, and Enhance successfully rolled out its new proprietary, investment reporting platform, Mosaic 2.0, having made significant investment into its upgrade and development.

Despite the obvious challenges posed by Covid-19 on operations and, crucially, on winning new business, Enhance achieved an overall EBITDA increase of over 400% for the calendar year. Revenues for 2020 held in line with 2019 despite the exit mentioned above and COVID-19, and this combined with a 9% reduction in costs over the same period led to the much-improved result.

Management is very confident over its significant business pipeline, which is now seeing major players in the fiduciary industry sign up to the new platform. The budget for 2021 is projecting a further 10% increase in revenue and 60% EBITA uplift.

Enhance completed a rebranding exercise in 2021 befitting its Fintech status, and we eagerly await news of further progress and meaningful growth in 2021.

As at 31 December 2020, the Fund held 38% of the ordinary shares in issue in Enhance, along with £514k in preference shares. Enhance comprised 3.19% of the Fund's published NAV as at 31 December 2020.

CORVID Holdings Ltd ("CORVID")

CORVID owned two subsidiary businesses, Corvid Paygate Limited ("Paygate") and Corvid Protect Holdings Limited ("Protect").

Following the sale of Paygate in 2019, the Fund received a small dividend from CORVID in September 2020. Negotiations are still pending between the Manager and Ultra Electronics plc, the parent company and main customer of Protect, regarding the future of the Fund's remaining interest in Protect, with a view to negotiating the best possible outcome for the Fund.

The Fund's 5% holding in CORVID comprised 0.36% of the Fund's published NAV as at 31 December 2020.

Future Opportunities

The Manager is actively working on a number of suitable opportunities, both for the Fund and via its investee companies.

Conclusion

We are pleased with the overall performance of the investee businesses in the context of a very challenging year; one which has been successfully navigated. We recognise the drop in NAV that occurred during the year but view this as temporary in light of our positive view on the Fund's largest investments. The Manager has spent a huge amount of time working with the investee businesses to advise and address their issues over the course of the year. For Oak Group and PraxisIFM, the cornerstone investments of the Fund, these issues are now behind them and the future is very promising. These are two desirable assets generating very high levels of recurring revenue, and the significant levels of activity and consolidation in the sector are driving higher values. Together with the Board, we are focussed on helping to drive and deliver shareholder value in the coming year and look forward to providing positive updates to shareholders.

Ravenscroft Specialist Fund Management Limited

16 April 2021

DIRECTORS' REPORT

For the year ended 31 December 2020

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 2020.

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 2020 is set out on page 21. The loss and total comprehensive loss for the year ended 31 December 2020 amounted to £(4,655,650) (31 December 2019: loss and total comprehensive loss of £(927,569)). On 18 December 2020, the Board of Directors declared a dividend of 1 pence per Ordinary Share to be paid to Shareholders (31 December 2019: No dividends were declared and paid).

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 2020 were as follows:

	31 December 2020		**31 December 2019**	
Name	**Number of Shares**	**Percentage**	**Number of Shares**	**Percentage**
Mel Carvill (Chairman)	1,160,000	2.15%	910,000	1.69%
Peter Gillson	600,000	1.11%	600,000	1.11%
Fintan Kennedy	45,000	0.08%	45,000	0.08%

At the date of this report, Mel Carvill and Peter Gillson held 70,000 shares (31 December 2019: 70,000 shares), and 25,000 shares (31 December 2019: 25,000 shares), respectively in the parent company of the Investment Manager.

Going Concern

The Board of Directors has assessed the financial position of the Company as at 31 December 2020 and the factors that may impact its performance, including the potential impact as a result of the COVID-19 pandemic, in the forthcoming year. The Board of Directors is aware that the economic disruption caused by COVID-19 has resulted in adverse economic impacts globally and on the locations in which the Company invests and operates.

The medium and long-term impacts of COVID-19 disruption on the fundamental performance of the Company's investments and on their valuation will depend on the future development of the virus, the effectiveness of vaccines and efficiency of vaccine roll outs, restrictions on, and changes in, consumer behaviour, and mitigating actions taken by governments.

The Board of Directors notes that all investee companies have successfully enacted plans to work remotely, and to make use of technology to continue to provide their services just as before. PraxisIFM has recently issued a positive investor update, and the Investment Manager continues to work closely with the Company's unlisted investments to monitor their progress.

DIRECTORS' REPORT (continued)
For the year ended 31 December 2020

Going Concern (continued)
The Company recognises that this situation requires continued attention. The Board closely monitors the latest developments relating to COVID-19 and its impact on the global economy and many businesses locally and across the globe.

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

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 published in September 2011 and updated in February 2016. 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.

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.

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.

Alternative Investment Fund Managers Directive

The Alternative Investment Fund Managers Directive (''AIFMD'') is European Union ("EU") legislation aimed at increasing investor protection and reducing systematic risk by creating a harmonised EU framework for managers of alternative investment funds in the EU. The Company is a non-EU Fund with a non-EU Investment Manager, and it is listed on a non-EU exchange. As the Company has not sought to raise new capital in the EU, it is not considered to be marketed in the EU, and therefore is not captured by AIFMD.

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 2020

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
16 April 2021

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') for the year ended 31 December 2020 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of the Company's loss for the year then ended;
- are in accordance with IFRSs as adopted by the European Union; 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 ethical requirements that are relevant to our audit of the financial statements in Guernsey, including the IESBA Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our approach to the audit

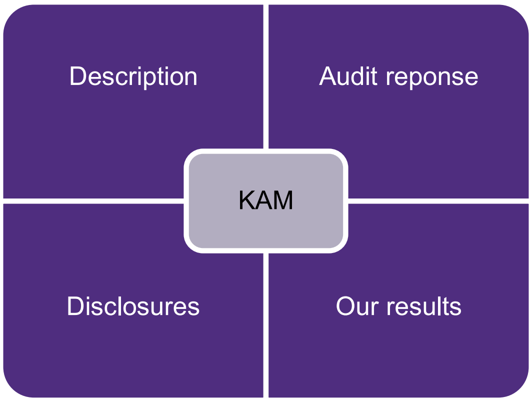
GrantThornton

Overview of our audit approach
Overall materiality: £1.22 million, which represents 2% of the Company's net assets.
Key audit matters were identified as: • fair value of investments at fair value through profit or loss; • fair value of share options; and • management override of internal control
Audit scope: We performed an audit of the financial statements of the Company for the year ended 31 December 2020

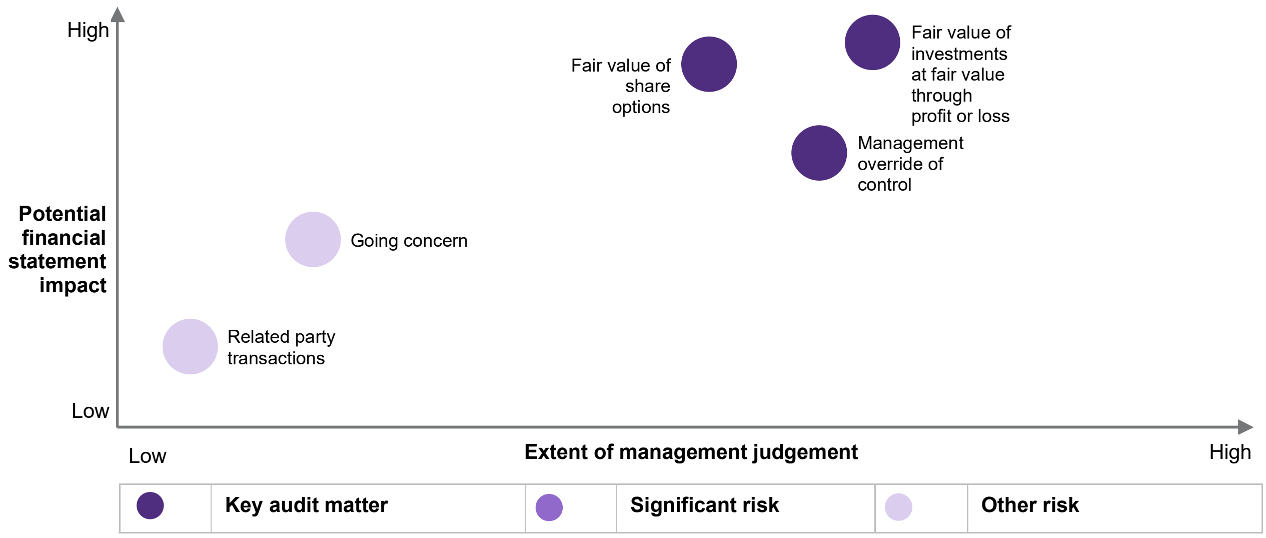
INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF FINANCIAL SERVICES OPPORTUNITIES INVESTMENT FUND LIMITED (continued)

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 and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those that had the greatest effect on the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. 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.



In the graph below, we have presented the key audit matters, significant risks and other risks relevant to the audit.



Key Audit Matter	How our scope addressed the matter
Risk 1 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 £63,641,079. These financial assets are defined as Level 2 and Level 3 financial instruments under IFRS 13 fair value hierarchy.	In responding to the key audit matter, we performed the following audit procedures: • Obtained an understanding of the valuation methodology the Company applies to its Level 3 investments and assessing whether it is based on an acceptable valuation framework and consistent with IFRS; • Discussed with Investment manager and challenged key assumptions made in selecting and applying the valuation methods used;

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

Key Audit Matter	How our scope addressed the matter
Risk 1 Fair value of investments at fair value through profit or loss (continued)	• Verified key inputs used in the valuation models by inspecting financial information of the investee and underlying companies and of companies in the same industry; and • Performed recalculations of valuations provided.
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 on observable data.	The Company's accounting policy in respect of investments at fair value through profit or loss is shown in notes 2 and 3 and the related disclosures are included in note 6.
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 unadjusted bid price, recent transaction with supported analysis, expected sales proceeds, earnings multiple, and purchased cost. Given the extent of judgement involved in valuing these financial instruments, we considered this to be a key audit matter. **Relevant disclosures in the Annual Report and Accounts 2020** • Financial statements: Note 6, Fair value	**Our results** We did not identify any material issues from the procedures performed in this area.
Risk 2 Fair value of share options We identified fair value of share options as one of the most significant assessed risks of material misstatement due to error. The Company issued equity-settled share-based payments to its investment manager and members of the investment management team during the period. The equity-settled share-based payments are measured at fair value at the date of grant. Using the Black Scholes model involves significant judgement and estimates and therefore the valuation of share-based payments requires particular audit attention.	In responding to the key audit matter, we performed the following audit procedures: • Obtained an understanding of the valuation method applied, together with the significant assumptions and inputs used; • Reviewed key assumptions used in selecting the valuation method; and • Verified key inputs used in the valuation model by inspecting supporting documentation and agreeing other inputs such as the risk free rate and volatility to independent sources. The Company's accounting policy in respect of the valuation of share options is shown in notes 2 and 3 and the related disclosures are included in note 12.

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

Key Audit Matter	How our scope addressed the matter
Risk 2 Fair value of share options (continued) **Relevant disclosures in the Annual Report and Accounts 2020** • Financial statements: Note 12, Share-based payment	**Our results** We did not identify any material issues from the procedures we performed in this area.
Risk 3 Management override of control We identified management override of control as one of the most significant assessed risks of material misstatement due to presumed fraud. Under the ISAs, for all our audits we are required to consider the risk of management override of internal controls. As there are significant areas of judgement and estimation in the financial statements we have assessed this as a significant risk requiring special audit consideration.	In responding to the key audit matter, we performed the following audit procedures relating to the risk that are required by ISA 240 "The auditor's responsibilities relating to fraud in an audit of the financial statements": • Reviewed the financial reporting process of the Company; • Evaluated the judgements and assumptions in management's estimates; and • Tested a sample of journal entries. **Our results** We did not note any indication of the existence of management override of internal controls.

Our application of materiality

We apply the concept of materiality both in planning and performing the audit, and in evaluating the effect of identified misstatements on the audit and of uncorrected misstatements, if any, on the financial statements and in forming the opinion in the auditor's report.

Materiality was determined as follows:

Materiality measure	Company
Materiality for financial statements as a whole	We define materiality as the magnitude of misstatement in the financial statements that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of these financial statements. We use materiality in determining the nature, timing and extent of our audit work.
Materiality threshold	£1,220,000 which is 2% of net assets.
Significant judgements made by auditor in determining the materiality	In determining materiality, we made the following significant judgements: • Net assets is considered the most appropriate because the investors would usually track the performance of the Company by looking at the net asset value.

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

Our application of materiality (continued)

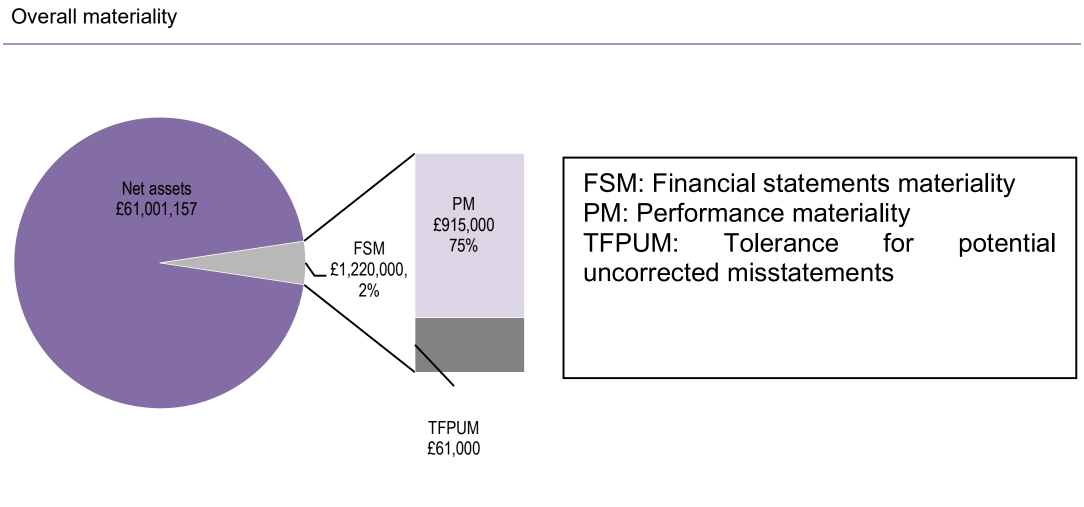
Materiality measure	Company
Materiality for financial statements as a whole (continued) Significant judgements made by auditor in determining the materiality (continued)	• Due to the Company being listed and considering that the investors or potential investors will not be sensitive to changes in the net asset value, it was deemed that 2% would be the most appropriate percentage. Materiality for the current year is lower than the level that we determined for the year ended 31 December 2019 which reflects the decrease in net assets of the Company.
Significant revision of materiality threshold that was made as the audit progressed	There was a significant revision of our materiality threshold as the audit progressed. Our preliminary assessment of overall materiality was based on net assets as of 30 September 2020. Applying the same basis, using the actual financial information at 31 December 2020 figures, our materiality threshold was revised to £1,220,000 as this resulted in a lower materiality.
Performance materiality used to drive the extent of our testing	We set performance materiality at an amount less than materiality for the financial statements as a whole to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.
Performance materiality threshold	£915,000 which is 75% of financial statement materiality.
Significant judgements made by auditor in determining the performance materiality	In determining materiality, we made the following significant judgement**:** • Our risk assessment, including our assessment of the Company's overall control environment.
Significant revision of performance materiality threshold that was made as the audit progressed	There was a significant revision of our performance materiality threshold as the audit progressed. Our preliminary assessment of overall materiality was based on net assets as of 30 September 2020. Applying the same basis, using the actual financial information at 31 December 2020 figures, our performance materiality threshold was revised to £915,000 as this resulted in a lower materiality.

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

Our application of materiality (continued)

Materiality measure	Company
Specific materiality	We determine specific materiality for one or more particular classes of transactions, account balances or disclosures for which misstatements of lesser amounts than materiality for the financial statements as a whole could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.
Specific materiality	We have not determined a lower level of specific materiality for any of the areas of our audit.
Communication of misstatements to the audit committee	We determine a threshold for reporting unadjusted differences to the audit committee.
Threshold for communication	£61,000 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

The graph below illustrates how performance materiality interacts with our overall materiality and the tolerance for potential uncorrected misstatements.



An overview of the scope of our audit

We performed a risk-based audit that requires an understanding of the Company's business and in particular matters related to:

- Understanding and evaluation of the Company's internal controls environment including its IT systems and controls;
- Assessment of the key business processes and identifying related risks; and
- Substantive testing on significant transactions, balances and disclosures, the extent of which was based on various factors such as our overall assessment of the Company's control environment and the management of specific risks.

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the Chairman's Report, Investment Manager's Report, Directors' Report and Portfolio Statement set out on pages 2 to 12, and on page 55, other than 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 we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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.

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 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.

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 10, the directors are responsible for the preparation of the financial statements which give a true and fair view in accordance with IFRSs, 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.

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)

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 management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Use of our report

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

Cyril Swale
For and on behalf of Grant Thornton Limited
Chartered Accountants
St Peter Port
Guernsey
16 April 2021

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2020

	Notes	31 December 2020 £	31 December 2019 £
Income			
Net losses on financial assets at fair value through profit or loss	6	(3,522,428)	(742,362)
Dividend income		97,101	1,096,453
Loan interest income		138,278	122,096
Bank interest income		-	1,667
Total (loss)/income		(3,287,049)	477,854
Expenses			
Investment management fees	4	937,673	1,029,944
Investment manager's deal fees	4	16,788	41,214
Investment manager's other fees	4	-	43,308
Administration fees	4	64,104	68,664
Administrator's other fees	4	6,580	6,265
Directors' fees	4	91,800	90,000
Legal and professional fees		55,845	19,915
Share-based payment expense	12,13	9,375	18,406
Revolving credit facility interest expense		93,578	1,448
Other expenses		92,858	51,003
Total expenses		1,368,601	1,370,167
Loss and total comprehensive loss for the year before tax		**(4,655,650)**	**(892,313)**
Withholding tax for the year		-	35,256
Loss and total comprehensive loss for the year		**(4,655,650)**	**(927,569)**
Loss per share – basic	16	**(8.63)p**	**(1.72)p**
Loss per share – diluted	16	**(8.11)p**	**(1.60)p**

All items in the above statement derive from continuing operations.

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

The accompanying notes on pages 25 to 54 form an integral part of these Financial Statements.

STATEMENT OF FINANCIAL POSITION
As at 31 December 2020

	Notes	31 December 2020 £	31 December 2019 £
Non-current assets			
Financial assets at fair value through profit or loss	6	63,641,079	65,579,701
Loans due from associate and joint venture	14	757,081	1,723,397
Current assets			
Cash and cash equivalents		609,440	352,449
Loans due from associate and joint venture	14	1,046,704	-
Other receivables		250,556	83,082
Prepayments		13,106	13,053
Total assets		66,317,966	67,751,682
Current liabilities			
Trade and other payables	9	816,809	1,265,059
Revolving credit facility – Investec CI	10	2,000,000	-
Non-current liabilities			
Revolving credit facility – Investec CI	10	2,500,000	300,000
Total liabilities		5,316,809	1,565,059
Net assets		**61,001,157**	**66,186,623**
Equity			
Share capital	11	54,604,160	54,604,160
Reserves	13	6,396,997	11,582,463
Total equity		**61,001,157**	**66,186,623**
Number of shares in issue	11	**53,919,127**	**53,919,127**
NAV per share	17	**113.13p**	**122.75p**

The Financial Statements on pages 21 to 54 were approved by the Board of Directors and authorised for issue on 16 April 2021.

Mel Carvill
Director

The accompanying notes on pages 25 to 54 form an integral part of these Financial Statements.

FINANCIAL SERVICES OPPORTUNITIES INVESTMENT FUND LIMITED

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2020

	Notes	**Share capital £**	**Reserves £**	**Total £**
At 31 December 2019		**54,604,160**	**11,582,463**	**66,186,623**
Loss and total comprehensive loss for the year		-	(4,655,650)	(4,655,650)
Credit to equity for equity-settled share-based payments	12,13	-	9,375	9,375
Dividend declared	7	-	(539,191)	(539,191)
At 31 December 2020		**54,604,160**	**6,396,997**	**61,001,157**

Year ended 31 December 2019	*Notes*	**Share capital £**	**Reserves £**	**Total £**
At 31 December 2018		**54,604,160**	**12,491,626**	**67,095,786**
Loss and total comprehensive loss for the year		-	(927,569)	(927,569)
Credit to equity for equity-settled share-based payments	12,13	-	18,406	18,406
At 31 December 2019		**54,604,160**	**11,582,463**	**66,186,623**

The accompanying notes on pages 25 to 54 form an integral part of these Financial Statements.

FINANCIAL SERVICES OPPORTUNITIES INVESTMENT FUND LIMITED

STATEMENT OF CASH FLOWS
For the year ended 31 December 2020

	Notes	31 December 2020 £	31 December 2019 £
Cash flows from operating activities			
Loss and total comprehensive loss for the year		(4,655,650)	(927,569)
Adjusted for:			
Net losses on financial assets at fair value through profit or loss	6	3,522,428	742,362
Dividend income		(97,101)	(1,096,453)
Loan interest income		(138,278)	(122,096)
Share-based payment expense	12,13	9,375	18,406
(Increase)/decrease in prepayments		(53)	2,325
(Decrease)/increase in trade and other payables (excluding settlement of investment purchases and dividends payable)	9	(22,477)	276,040
		(1,381,756)	(1,106,985)
Dividend income received		65,069	1,095,467
Loan interest income received		2,836	60,164
Purchases of financial assets	6	(2,548,770)	(5,147,969)
Proceeds from sale of financial assets	6	-	47,785
Loans advanced to associate		(95,000)	(688,397)
Repayments of loan and interest due from associate		14,612	-
Net cash outflow from operating activities		**(3,943,009)**	**(5,739,935)**
Cash flows from financing activities			
Revolving credit facility – Investec CI	10	4,200,000	-
Net cash inflow from financing activities		**4,200,000**	**-**
Net increase/(decrease) in cash and cash equivalents		256,991	(5,739,935)
Cash and cash equivalents at the start of the year		352,449	6,092,384
Cash and cash equivalents at the end of the year		**609,440**	**352,449**

All bank interest recognised in the Statement of Comprehensive Income has been received in cash. As at the 31 December 2020 there is a debtor of £217,538 (31 December 2019: £82,096) relating to loan interest receivable.

The accompanying notes on pages 25 to 54 form an integral part of these Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

1. The Company

Financial Services Opportunities Investment Fund Limited (the "Company") is authorised 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.

As a result of a Ravenscroft Group restructure, with effect from 1 June 2020, Ravenscroft Specialist Fund Management Limited ("RSFML") was appointed the Investment Manager, replacing Ravenscroft (CI) Limited ("RL") (formerly Ravenscroft Limited). 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.

2. Significant Accounting Policies

Basis of Preparation

These Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU, 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 has assessed the financial position of the Company as at 31 December 2020 and the factors that may impact its performance, including the potential impact as a result of the COVID-19 pandemic, in the forthcoming year. The Board of Directors is aware that the economic disruption caused by COVID-19 has resulted in adverse economic impacts globally and on the locations in which the Company invests and operates.

The medium and long-term impacts of COVID-19 disruption on the fundamental performance of the Company's investments and on their valuation will depend on the future development of the virus, the effectiveness of vaccines and efficiency of vaccine roll outs, restrictions on, and changes in, consumer behaviour, and mitigating actions taken by governments.

2. Significant Accounting Policies (continued)

Going Concern (continued)
The Board of Directors notes that all investee companies have successfully enacted plans to work remotely and continue to make use of technology to continue to provide their services.

The Company recognises that this situation requires continued attention. The Board closely monitors the latest developments relating to COVID-19 and its impact on the global economy and many businesses locally and across the globe.

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

New, revised and amended standards applicable to future reporting periods
At the date of authorisation of these Financial Statements, the following relevant 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" (effective for accounting periods commencing on or after 1 January 2023);
- IAS 37 (amended), "Provisions, Contingent Liabilities and Contingent Assets" (effective for accounting periods commencing on or after 1 January 2022);

The amendments to IAS 1 were published in January 2020 and relate to the classification of liabilities.

The amendments to IAS 37 were published in May 2020 and relate to the costs to include when assessing whether a contract is onerous.

- "Annual Improvements to IFRS Standards 2018-2020", published in May 2020, which has amended certain existing standards, effective for accounting periods commencing on or after 1 January 2022.

The changes arising from the amendments to these standards are either presentational and/or minor in nature. The Directors therefore do not anticipate that the adoption of these amended standards in future periods will have a material impact on the Financial Statements of the Company.

New accounting standards effective and adopted
The following relevant amended standards have been applied for the first time in these Financial Statements:

- IFRS 3 (amended), "Business Combinations" (amendments to clarify the definition of a business, effective for periods commencing on or after 1 January 2020, not yet endorsed by the EU).
- IFRS 9, IAS 39 and IFRS 7 (amended), "Interest rate benchmark reform" (amendments issued on 26 September 2019 and endorsed by the EU on 15 January 2020, effective date 1 January 2020, earlier application permitted).

2. Significant Accounting Policies (continued)

New accounting standards effective and adopted (continued)

In addition, the IASB has issued the following publications:

- "Definition of Material (Amendments to IAS 1 and IAS 8)", published in October 2018, which has amended IAS 1 and IAS 8 to clarify the definition of 'material' and to align the definition used in the Conceptual Framework and the standards, endorsed by EU on 29 November 2019, effective for accounting periods commencing on or after 1 January 2020;
- "Amendments to References to the Conceptual Framework in IFRS standards", published in March 2018, which has updated certain Standards and Interpretations with regard to references to and quotes from the Framework or to indicate where they refer to a different version of the Conceptual Framework, endorsed by EU on 29 November 2019, effective for accounting periods commencing on or after 1 January 2020;

The adoption of these amended standards has had no material impact on the financial statements of the Company.

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.

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 other receivables are classified as financial assets at amortised cost.

2. Significant Accounting Policies (continued)

Financial Instruments (continued)

Classification (continued)

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, including, in accordance with the investment entity exemption of IFRS 10 "Consolidated Financial Statements", its subsidiaries, associates and joint ventures, are classified as financial assets at fair value through profit or loss.

Financial liabilities at amortised cost

This category comprises trade and other payables and loan payable.

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.

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 reduction for impairment losses.

IFRS 9 introduced the expected credit loss ("ECL") model which potentially brings forward the timing of impairments. Under IFRS 9 for receivables the Company has elected to apply the simplified approach. Under the simplified approach the requirement is to always recognise lifetime ECLs. Under the simplified approach practical expedients are available to measure lifetime ECLs but forward-looking information must still be incorporated. Under the simplified approach there is no need to monitor significant increases in credit risk and entities will be required to measure lifetime ECLs at all times.

As at 31 December 2020, the Directors have concluded that any ECL on receivables would be highly immaterial to these Financial Statements due to the low credit risk of the relevant counterparties and the historic payment history.

Discounting is omitted when the effect of discounting is immaterial.

2. Significant Accounting Policies (continued)

Financial Instruments (continued)

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 6 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.

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.

2. Significant Accounting Policies (continued)

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 12). 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.

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.

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.

2. Significant Accounting Policies (continued)

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 2020, the geographical concentration of the Company's investment portfolio is as follows:

	31 December 2020	31 December 2019
	£	£
Guernsey	60,379,853	63,427,630
Jersey	1,932,659	1,932,659
UK	1,328,567	219,412
	63,641,079	65,579,701

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. 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.

3. Critical accounting estimates and judgments (continued)

Assessment as an investment entity (continued)
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 2020, the Company holds five investments (31 December 2019: five), one of which is classified as a subsidiary (31 December 2019: one), one as an associate (31 December 2019: one) and one as a joint venture (31 December 2019: 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, under the terms of IFRS 10, the Company is not permitted to consolidate the subsidiary, associate or joint venture, but must measure these investments 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 15).

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 6) 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. 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. Details of the inputs used can be found in note 12.

4. Material Agreements

Investment Management fees

As a result of a Ravenscroft Group restructure, with effect from 1 June 2020, RSFML or the Investment Manager was appointed as the Investment Manager, replacing 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. Further details on the options granted are disclosed in note 12.

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 charged a management fee of £937,673 (31 December 2019: £1,029,944), of which £229,440 (31 December 2019: £251,648) was outstanding at the end of the year. The Investment Manager also charged deal fees of £16,788 (31 December 2019: £41,214), of which £3,250 (31 December 2019: £12,650) 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.

In addition, RL has charged the following fees: £24,028 in respect of a trading account fee (31 December 2019: £33,308), of which £5,666 (31 December 2019: £7,255) was outstanding at the year end and £10,000 in respect of a market maker retainer fee (31 December 2019: £10,000). As a result of a Ravenscroft Group restructure, these expenses have been reclassified as Other expenses, with prior year expenses classified within Investment manager's other fees.

Administration fees

Praxis Fund Services 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 £64,110 plus disbursements, effective from 1 May 2020 (effective from 1 May 2019: £62,546).

During the year, the Administrator charged a total fee for administration services of £64,104 (31 December 2019: £68,664), of which £Nil (31 December 2019: £3,093) was outstanding at the year end.

The Administrator charges a fee for assisting with reporting under Article 24 of the AIFM Directive of £5,000 per annum, for each regulatory authority, where such Annex IV Reporting is required by the Company. The Administrator also charges an annual fee of £550 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.

4. Material Agreements (continued)

Administration fees (continued)

During the year, the Administrator charged a total fee for other administration services of £6,580 (31 December 2019: £6,265), of which £115 (31 December 2019: £Nil) was outstanding at the year end.

In addition, in its role as listing sponsor to the Company, the Administrator has also charged the following fees: £5,200 in respect of acting as listing sponsor (31 December 2019: £5,095).

During the year, the Company also paid an amount of £2,502 to TISE in respect of their annual listing fee (31 December 2019: £2,498).

Management and Administration fees - summary

The amounts charged for the above-mentioned fees during the year ended 31 December 2020 and outstanding at 31 December 2020 are as follows:

	Charge for the year		Outstanding at year end	
	1 January 2020 to 31 December 2020	1 January 2019 to 31 December 2019	31 December 2020	31 December 2019
	£	£	£	£
Investment management fees	937,673	1,029,944	229,440	251,648
Investment manager's deal fees	16,788	41,214	3,250	12,650
Investment manager's other fees	-	43,308	-	7,255
Administration fee	64,104	68,664	-	3,093
Administrator's other fees	6,580	6,265	115	-
Total	**1,025,145**	**1,189,395**	**232,805**	**274,646**

Directors' fees

Mel Carvill is entitled to a fee for his services as Chairman of the Board of Directors of £35,700 per annum, effective from 1 January 2020 (31 December 2019: £35,000). The remaining Directors are entitled to a fee for their services as Directors of £28,050 each per annum, effective from 1 January 2020 (31 December 2019: £27,500). The total remuneration paid to the Directors for the year was £91,800 (31 December 2019: £90,000) of which £Nil (31 December 2019: £Nil) was outstanding at the end of the year. The annual increase in fees for the year ended 31 December 2020, was calculated using the RPIX rate reported as at 30 September 2019.

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.

5. Financial risk management and financial instruments (continued)

Market risk (continued)

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 2020	31 December 2019
	£	£
Financial assets at fair value through profit or loss	**63,641,079**	**65,579,701**

Details of the sensitivity of the Company's financial assets at fair value through profit or loss to price risk are disclosed in note 6.

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.

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

31 December 2020	**Floating rate** £	**Fixed rate** £	**Non-interest bearing** £	**Total** £
Assets				
Cash and cash equivalents	609,440	-	-	609,440
Investments at fair value through profit or loss	-	-	63,641,079	63,641,079
Loans due from associate and joint venture	-	1,768,785	35,000	1,803,785
Other receivables	-	-	250,556	250,556
Total financial assets	**609,440**	**1,768,785**	**63,926,635**	**66,304,860**
Liabilities				
Trade and other payables	4,500,000	-	816,809	5,316,809
Total financial liabilities	**4,500,000**	**-**	**816,809**	**5,316,809**
Total interest sensitivity gap	**(3,890,560)**	**1,768,785**	**63,109,826**	**60,988,051**

5. Financial risk management and financial instruments (continued)

Market risk (continued)

Interest rate risk (continued)

31 December 2019	Floating rate £	Fixed rate £	Non-interest bearing £	Total £
Assets				
Cash and cash equivalents	352,449	-	-	352,449
Investments at fair value through profit or loss	-	-	65,579,701	65,579,701
Loans due from associate and joint venture	-	1,688,397	35,000	1,723,397
Other receivables	-	-	83,082	83,082
Total financial assets	**352,449**	**1,688,397**	**65,697,783**	**67,738,629**
Liabilities				
Trade and other payables	300,000	-	1,265,059	1,565,059
Total financial liabilities	**300,000**	**-**	**1,265,059**	**1,565,059**
Total interest sensitivity gap	**52,449**	**1,688,397**	**64,432,724**	**66,173,570**

On 19 March 2020, the Bank of England cut its base rate by 0.15% to 0.1%. At 31 December 2020, should interest rates have decreased by 0.1%, with all other variables remaining constant, the increase in net assets for the year would be £3,891 (31 December 2019: decreased by 0.5%, £845). Should interest rates have increased by 0.1%, the decrease in net assets would be £3,891 (31 December 2019: increased by 0.5%, £845).

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

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 2020 £	31 December 2019 £
Cash and cash equivalents	609,440	352,449
Loans due from associate and joint venture	1,803,785	1,723,397
Other receivables	250,556	83,082
Total	**2,663,781**	**2,158,928**

5. Financial risk management and financial instruments (continued)

Credit risk (continued)

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. As at 31 December 2020, no receivables are impaired, however loan interest receivable from Next Generation Holdings Limited of £217,538 is past due.

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 mitigated as all cash is placed with reputable banking institutions with a sound credit rating. At 31 December 2020, the Company's cash and cash equivalents are held with Royal Bank of Scotland International Limited. The credit rating of this institution is as follows:

Bank	Fitch long-term rating	Balance held £
Royal Bank of Scotland International	A	592,823
Investec Bank (Channel Islands) Limited	BBB+	15,275
Other *	N/A	1,342
		609,440

*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.

Liquidity risk

The Company takes on exposure 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. Apart from one investment which is traded on TISE, 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.

5. Financial risk management and financial instruments (continued)

Liquidity risk (continued)

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 2020	Less than 1 year	1 to 5 years	Total
	£	£	£
Financial assets			
Cash and cash equivalents	609,440	-	609,440
Investments	-	63,641,079	63,641,079
Loans due from associate and joint venture	1,046,704	757,081	1,803,785
Other receivables	250,556	-	250,556
Total financial assets	**1,906,700**	**64,398,160**	**66,304,860**
Financial liabilities			
Trade and other payables	2,816,809	2,500,000	5,316,809
Total financial liabilities	**2,816,809**	**2,500,000**	**5,316,809**

At 31 December 2019	Less than 1 year	1 to 5 years	Total
	£	£	£
Financial assets			
Cash and cash equivalents	352,449	-	352,449
Investments	-	65,579,701	65,579,701
Loans due from associate and joint venture	-	1,723,397	1,723,397
Other receivables	83,082	-	83,082
Total financial assets	**435,531**	**67,303,098**	**67,738,629**
Financial liabilities			
Trade and other payables	1,265,059	300,000	1,565,059
Total financial liabilities	**1,265,059**	**300,000**	**1,565,059**

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

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 any externally imposed capital requirement, other than as required under The Companies (Guernsey), Law 2008.

6. Fair value

Financial assets at fair value through profit or loss

	31 December 2020	31 December 2019
	£	£
Cost at the beginning of the year	51,541,718	48,132,013
Settlement of earn out payment	(964,964)	(964,964)
Investment purchases settled in full during the year (non-cash transactions)	296,218	15,091,879
Investment purchases settled in full during the year (cash transactions)	2,548,770	5,147,969
Total purchases	1,880,024	19,274,884
Sales (cash transactions)	-	(47,785)
Sales (non-cash transactions)	(296,218)	(15,841,964)
Total sales	(296,218)	(15,889,749)
Realised gain on sales	-	24,570
Cost at the end of the year	53,125,524	51,541,718
Net unrealised gains on financial assets at the end of the year	10,515,555	14,037,983
Financial assets at fair value through profit or loss at the end of the year	**63,641,079**	**65,579,701**
Non-current financial assets at fair value through profit or loss	63,641,079	65,579,701
Current financial assets at fair value through profit or loss	-	-
Total financial assets at fair value through profit or loss	**63,641,079**	**65,579,701**
Net (losses)/gains on financial assets at fair value through profit or loss		
Realised gain on sales during the year	-	24,570
Movement in net unrealised losses during the year	(3,522,428)	(766,932)
Net losses on financial assets at fair value through profit or loss	**(3,522,428)**	**(742,362)**

6. 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.

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.

6. 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 2020:

At 31 December 2020	**Level 1**	**Level 2**	**Level 3**	**Total**
	£	**£**	**£**	**£**
Assets				
Financial assets at fair value through profit or loss	-	21,758,225	41,882,854	63,641,079
Total	**-**	**21,758,225**	**41,882,854**	**63,641,079**

At 31 December 2019	**Level 1**	**Level 2**	**Level 3**	**Total**
	£	**£**	**£**	**£**
Assets				
Financial assets at fair value through profit or loss	-	28,104,374	37,475,327	65,579,701
Total	**-**	**28,104,374**	**37,475,327**	**65,579,701**

There have been no transfers between levels of the fair value hierarchy during the year (31 December 2019: Nil). Transfers between levels of the fair value hierarchy are recognised at the end of the reporting period during which the change has occurred.

6. 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 2020 £	Year ended 31 December 2019 £
Opening balance	37,475,327	29,346,471
Purchases	1,880,024	19,274,884
Sales	(296,218)	(15,841,964)
Net realised gains on financial assets at the end of the year	-	-
Net unrealised gains on financial assets at the end of the year	2,823,721	4,695,936
Closing balance	41,882,854	**37,475,327**

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 2020

6. Fair value (continued)

Valuation models at 31 December 2020

Level	Valuation Technique	Description	Fair Value (£)	Unobservable Inputs	Weighted average input	Sensitivity to changes unobservable inputs	Impact on fair value of changes in unobservable inputs (£)
Level 2	Quoted market bid price	Praxis IFM Group Limited	21,758,225	N/A	N/A	N/A	N/A
Level 3	Investment Manager's valuation based on earnings multiple and net realisable assets	Oak Group Limited Next Generation Holdings Limited	38,621,628	EBITDA multiple	10.8	The estimate of fair value would increase/decrease if the EBITDA multiple was higher/lower	A shift of +/- 1 in absolute value of the weighted average input would have resulted in an increase/decrease in fair value of £3,731,518
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	N/A	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	219,412	Revenue multiple	0.75	The estimate of fair value would increase/decrease if the revenue multiple 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	1,623,062	N/A	N/A	N/A	N/A
		Total	**63,641,079**				

6. Fair value (continued)

Valuation models at 31 December 2019

Level	Valuation Technique	Description	Fair Value (£)	Unobservable Inputs	Weighted average input	Sensitivity to changes unobservable inputs	Impact on fair value of changes in unobservable inputs (£)
Level 2	Quoted market bid price	Praxis IFM Group Limited	28,104,374	N/A	N/A	N/A	N/A
Level 3	Investment Manager's valuation based on earnings multiple	Oak Group Limited Next Generation Holdings Limited	35,027,038	EBITDA multiple	10.7	The estimate of fair value would increase/decrease if the EBITDA multiple was higher/lower	A shift of +/- 1 in absolute value of the weighted average input would have resulted in an increase/decrease in fair value of £3,350,533
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	N/A	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 expected sales proceeds	Corvid Holdings Limited B shares	219,412	Adjustment based on expected sales proceeds	N/A	The estimate of fair value would increase/decrease if the proposed sales price was higher/lower	A 5% increase/decrease in the proposed sales price would have resulted in an increase/decrease in fair value of £10,971
Level 3	Investment Manager's valuation based on purchase cost	Next Generation Holdings Unsecured Convertible Loan Enhance Group Limited D preference shares	810,125	N/A	N/A	N/A	N/A
		Total	**65,579,701**				

6. Fair value (continued)

Valuation models (continued)

The investment in PraxisIFM is valued at the quoted bid price on TISE at 31 December 2020.

The equity investments in Oak Group Limited, Next Generation Holdings Limited and CORVID Holdings Limited are valued using the earnings or revenue multiple techniques as at 31 December 2020, in line with the IPEV Valuations Guidelines which came into effect during the year ended 31 December 2019. These valuation techniques were consistent with those used as at 31 December 2019.

The preference share investments in Enhance and Next Gen Worldwide Limited have been valued at purchase cost. The investments in Enhance (A and C ordinary shares) are valued at the price of a recent transaction supported by analysis. The Investment Manager considers that these bases for valuation provide a reliable representation of the fair value at 31 December 2020.

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 £1,087,911 (31 December 2019: £1,405,219).

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 £81,153 (31 December 2019: £40,506).

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 2020		31 December 2019	
	Carrying value	**Fair value**	**Carrying value**	**Fair value**
	£	**£**	**£**	**£**
Assets				
Cash and cash equivalents	609,440	609,440	352,449	352,449
Loans due from associate and joint venture	1,803,785	1,803,785	1,723,397	1,723,397
Other receivables	250,556	250,556	83,082	83,082
Total	**2,663,781**	**2,663,781**	**2,158,928**	**2,158,928**
Liabilities				
Trade and other payables	5,316,809	5,316,809	1,565,059	1,565,059
Total	**5,316,809**	**5,316,809**	**1,565,059**	**1,565,059**

Cash and cash equivalents include deposits held with banks.

7. 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.

7. Dividends (continued)

On 18 December 2020, the Board of Directors declared a dividend of 1 pence per Ordinary Share to be paid to Shareholders, the amount of £539,191 was paid on 24 February 2021 (31 December 2019: No dividends were declared and paid).

8. 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 2020. During the year the Company has incurred withholding tax of £Nil (31 December 2019: £35,256) on dividend income.

9. Trade and other payables

	31 December 2020	31 December 2019
Current	**£**	**£**
Deferred investment consideration	-	964,964
Investment Management fee	229,440	251,648
Investment Manager's deal fee	3,250	12,650
Dividend payable	539,191	-
Other payables	44,928	35,797
	816,809	**1,265,059**

10. Revolving credit facility

	31 December 2020	31 December 2019
	£	**£**
Revolving credit facility – Investec CI	4,500,000	300,000

A revolving credit facility ("RCF") with Investec Bank (Channel Islands) Limited ("Investec") was arranged on 20 November 2019 for an amount up to £1,000,000. The purpose of the RCF is to provide working capital in respect of financing current and future commitments and investments. The RCF is for a term of 36 months, with interest charged at base rate plus a margin of 3.75% per annum, payable quarterly. At 31 December 2020, the applicable interest rate was 3.85% per annum. Security on the RCF is provided in the form of shares in PraxisIFM Group Limited. The covenants of the RCF are tested quarterly. On 9 March 2020, the Company drew down the remaining balance of £700,000 on its RCF with Investec.

On 1 July 2020, the Board of Directors received confirmation that the RCF had been extended by a further amount of up to £1,500,000. On 22 July 2020, the Company drew down the total amount of £1,500,000 on this RCF extension with Investec.

On 24 August 2020, the Board of Directors authorised a further extension of the RCF for an amount of up to £2,000,000.

On 3 September 2020, the Company drew down an amount of £1,000,000 on its RCF.

On 20 October 2020, the Company drew down a further amount of £1,000,000 on its RCF.

During the year, the Company was charged an amount of £93,578 (31 December 2019: £1,448), in respect of interest charged by Investec for the RCF, of which £11,838 (31 December 2019: £1,448) was outstanding at the end of the year.

The RCF consists of four tranches with margins ranging from 3.75% to 5.00%.

11. 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 2020		Year ended 31 December 2019	
	Number	£	Number	£
Total share capital at the beginning and end of the year	**53,919,127**	**54,604,160**	**53,919,127**	**54,604,160**

During the year, no shares (31 December 2019: no shares) in the Company were issued.

12. Share-based payments

The following options for shares of the Company were granted to Ravenscroft (CI) Limited (“RL”) (formerly Ravenscroft Limited), 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 Ravenscroft Specialist Fund Management Limited (“RSFML”), the share options granted to RL were novated to RSFML on 19 January 2021. The options are exercisable at a price in accordance with the agreements on the date of grant.

References in this note to the Investment Manager are to RL, in its capacity as investment manager to the Company to 1 June 2020.

As at 31 December 2020

	Date of grant	Vesting date	Date of expiry	Remaining contractual life (days)	Number of share options	Estimated fair value	Expensed through Profit or Loss during the year
						£	**£**
Options granted solely to the Investment Manager							
Tranche 1a	07/10/2016	08/10/2018	08/10/2021	281	1,764,706	10,588	-
Tranche 2a	16/12/2016	17/12/2018	17/12/2021	351	690,694	4,351	-
Tranche 3a	06/02/2017	07/02/2021	07/02/2022	403	119,117	810	202
Tranche 4a	11/04/2018	12/04/2020	12/04/2023	832	323,529	7,021	988
Options granted to the Investment Manager, transferrable to members of the Investment Management team							
Tranche 1b	07/10/2016	08/10/2018	08/10/2021	281	2,329,411	173,540	-
Tranche 2b	16/12/2016	17/12/2018	17/12/2021	351	994,599	76,485	-
Tranche 3b	06/02/2017	07/02/2019	07/02/2022	403	150,088	11,482	-
Tranche 4b	11/04/2018	12/04/2020	12/04/2023	832	647,058	58,171	8,185
					7,019,202	**342,448**	**9,375**

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%

The weighted average remaining contractual life of share options outstanding at the year ended 31 December 2010 was 379 days (31 December 2019: 745 days).

12. Share-based payments (continued)

As at 31 December 2019
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 through Profit or Loss during the year
						£	£
Tranche 1a	07/10/2016	08/10/2018	08/10/2021	647	1,764,706	10,588	-
Tranche 2a	16/12/2016	17/12/2018	17/12/2021	717	690,694	4,351	-
Tranche 3a	06/02/2017	07/02/2021	07/02/2022	769	119,117	810	202
Tranche 4a	11/04/2018	12/04/2020	12/04/2023	1,198	323,529	7,021	3,501
Options granted to the Investment Manager, transferrable to members of the Investment Management team							
Tranche 1b	07/10/2016	08/10/2018	08/10/2021	647	2,329,411	173,540	(14,900)
Tranche 2b	16/12/2016	17/12/2018	17/12/2021	717	994,599	76,485	-
Tranche 3b	06/02/2017	07/02/2019	07/02/2022	769	150,088	11,482	597
Tranche 4b	11/04/2018	12/04/2020	12/04/2023	1,198	647,058	58,171	29,006
					7,019,202	**342,448**	**18,406**

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%

As the options do not contain market vesting conditions, the Black Scholes model is considered to be the most appropriate method of estimating the fair value of the options.

During the year, no share options were exercised (31 December 2019: no share options were exercised), no new share options were issued (31 December 2019: no new share options were issued), and no share options lapsed (31 December 2019: 200,000).

At the end of the year there were 3,474,098 (31 December 2019: 3,474,098) exercisable options that were in the money.

As at 31 December 2020, 7,019,202 (31 December 2019: 7,019,202) share options were in issue, with an estimated fair value of £342,448 (31 December 2019: £342,448).

13. Reserves

	Year ended 31 December 2020		
	Retained earnings £	Share-based payment reserve £	Total reserves £
Balance at the beginning of the year	11,249,411	333,052	11,582,463
Loss and total comprehensive loss for the year	(4,655,650)	-	(4,655,650)
Credit to equity for equity-settled share-based payments	-	9,375	9,375
Dividend declared	(539,191)	-	(539,191)
Total	**6,054,570**	**342,427**	**6,396,997**

	Year ended 31 December 2019		
	Retained earnings £	Share-based payment reserve £	Total reserves £
Balance at the beginning of the year	12,176,980	314,646	12,491,626
Loss and total comprehensive loss for the year	(927,569)	-	(927,569)
Credit to equity for equity-settled share-based payments	-	18,406	18,406
Total	**11,249,411**	**333,052**	**11,582,463**

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

Share-based payment reserve represents the balance of accumulated amounts credited to equity in respect of equity-settled share-based payments (see note 12).

14. Related party transactions

Transactions with related parties
The Directors, the Investment Manager and the Administrator are considered to be related parties of the Company. 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.

The Company invests in PraxisIFM Group Limited, which is the parent company of the Administrator of the Company and of PraxisIFM Treasury Services Limited, which provides cash management services to the Company.

Shares held by related parties
The shareholdings of the Directors in the Company at 31 December 2020 were as follows:

	31 December 2020		31 December 2019	
Name	**Number of Shares**	**Percentage**	**Number of Shares**	**Percentage**
Mel Carvill (Chairman)	1,160,000	2.15%	910,000	1.69%
Peter Gillson	600,000	1.11%	600,000	1.11%
Fintan Kennedy	45,000	0.08%	45,000	0.08%

14. Related party transactions (continued)

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.

As at 31 December 2020, RL, in its capacity as investment manager to the Company to 1 June 2020 held 133,004 (31 December 2019: 18,825) shares in the Company and options for 3,053,850 (31 December 2019: 3,003,850) shares in the Company. Key individuals of RL held 10,787,500 (31 December 2019: 10,787,500) shares in the Company and options for 3,965,352 (31 December 2019: 4,015,352) shares in the Company (see note 11).

As at 31 December 2020, the Company had received dividend income from Corvid Holdings Limited of £41,000 (31 December 2019: £Nil).

As at 31 December 2020, the Company had extended a loan of £35,000 (31 December 2019: £35,000) and a secured loan of £1,688,397 (31 December 2019: £1,688,397) to Next Generation Holdings Limited. 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.

As at 31 December 2020, the Company had received interest income from Next Generation Holdings Limited of £135,413 (31 December 2019: £122,096).

As at 31 December 2020, the Company had extended an unsecured loan of £95,000 (31 December 2019: £Nil) to Enhance Group Limited. The terms of the unsecured loan are 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 2020, Enhance Group Limited had made repayments totaling £14,612, resulting in a balance outstanding at the end of the year of £80,388.

As at 31 December 2020, the Company had received interest income from Enhance Group Limited of £2,865 (31 December 2019: £Nil).

As at the date of this report, RL holds 16,154 (31 December 2019: 18,825) shares in the Company and key individuals of RL hold 11,378,373 (31 December 2019: 10,787,500) shares in the Company.

15. 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.

16. Loss per share

	Year ended 31 December 2020	
	Basic	**Diluted**
Loss for the year	£(4,655,650)	£(4,655,650)
Weighted average number of shares	53,919,127	57,393,225
Loss per share	**(8.63)p**	**(8.11)p**

	Year ended 31 December 2019	
	Basic	**Diluted**
Loss for the year	£(927,569)	£(927,569)
Weighted average number of shares	53,919,127	58,040,283
Loss per share	**(1.72)p**	**(1.60)p**

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 2020 Number of Shares	**31 December 2019 Number of Shares**
Weighted average number of shares used in basic loss per share	53,919,127	53,919,127
Number of potential shares deemed to be issued	3,474,098	4,121,156
Weighted average number of shares used in diluted loss per share	57,393,225	58,040,283

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 12). As at 31 December 2020, only the exercisable share options granted to the members of the investment management team have a dilutive effect, as they are in the money, as the price of the Company's shares at 31 December 2020 exceeded the exercise price.

17. NAV per share

The NAV per share is calculated based on the net assets attributable to Shareholders of £61,001,157 and on 53,919,127 shares in issue at 31 December 2020.

The table below shows a reconciliation of the difference between the Financial Statements NAV per share and the NAV per share reported on the TISE.

	NAV £	Number of shares	NAV per share
Published NAV	60,594,598	53,919,127	112.38p
Share issue costs	(23,552)	53,919,127	(0.04)p
Dilution levy	430,111	53,919,127	0.79p
Financial Statements NAV	**61,001,157**	**53,919,127**	**113.13p**

The adjustment in respect of share issue costs represents the unamortised balance of costs incurred in relation to the setting up of the Company. For the purposes of these Financial Statements, these costs have been charged in full, however for the purposes of the published NAV they are amortised over a period of five years.

The dilution levy represents an adjustment to the published NAV to reflect the dilutive effect of the share options granted to the Investment Manager and members of the investment manager's management team, however under IFRS this adjustment is not recognised in these Financial Statements.

18. Commitments

At the end of the reporting period no commitments existed.

19. Controlling Party

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

20. Events after the end of the reporting period

On 11 February 2021, the Board of Directors made an announcement to TISE regarding the application of 580,873 ordinary shares of no-par value ("Ordinary Shares") to be admitted to the Official List of TISE. These shares have been issued pursuant to the exercise of options at an excercise price of £1 per Ordinary Share by the Investment Manager in respect of the Management Team under the terms set out in the Prospectus dated 12 March 2018, the Investment Management Agreement, and certain Option Agreements.

Following the admission of the 580,873 Ordinary Shares to TISE on 12 February 2021, the total number of Ordinary Shares in issue and admitted to the Official List of TISE is 54,500,000.

On 12 February 2021, a dividend payment was received from Oak Group Limited for £1,000,000.

On 12 February 2021, an amount of £500,000 was paid to Investec Bank (Channel Islands) Limited, in part repayment of the revolving credit facility.

On 17 March 2021, the Board of Directors made an announcement to TISE regarding the appointment of Mr Peter Gillson to the Board of PraxisIFM Group Limited ("PraxisIFM"), effective from 16 March 2021. PraxisIFM is the parent company of the Administrator of the Company and of PraxisIFM Treasury Services Limited, which provides cash management services to the Company. The Company currently holds 16.10% of the issued share capital of PraxisIFM, a company listed on TISE.

20. Events after the end of the reporting period (continued)

On 8 April 2021, the Company subscribed for 10,714 preferred shares in Next Gen Worldwide Limited, a subsidiary of Next Gen at a price of £6.02 per share, resulting in a total subscription price of £64,498.

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

FINANCIAL SERVICES OPPORTUNITIES INVESTMENT FUND LIMITED

PORTFOLIO STATEMENT (unaudited)

As at 31 December 2020

	Holding	Market Value	Percentage of Net Asset Value
Listed Investments		£	%
Praxis IFM Group Limited	18,131,854	21,758,225	35.67
Unlisted Investments			
Oak Group Limited	284,377	37,751,046	61.89
Enhance Group Limited	503	1,932,659	3.17
Next Gen Worldwide Limited	184,245	1,109,155	1.82
Next Generation Holdings Limited	1,203	870,582	1.42
Enhance Group Limited	10	219,412	0.36
		41,882,854	68.66
Total Investments		**63,641,079**	**104.33**
Other net liabilities		(2,639,922)	(4.33)
Net assets attributable to holders of Ordinary Shares		**61,001,157**	**100.00**