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THE INVESTMENT COMPANY PLC

REGISTERED No. 4205
ENGLAND AND WALES

REPORT AND ACCOUNTS

for the year ended 30 June 2018

CONTENTS

DIRECTORS AND ADVISERS

The Investment Company Plc (the "Company") is an investment trust quoted on the London Stock Exchange ("LSE").

DIRECTORS (all non-executive)

I. R. Dighé (Chairman) was appointed as Chairman on 6 July 2018. He has significant listed company experience, particularly in the investment banking, corporate broking, asset management and closed end funds sectors. He was a co-founder of Bridgewell Group plc and was Chairman of Miton Group plc from February 2011, overseeing the successful refinancing and subsequent growth of the group. He retired from the Miton board in December 2017.

T. M. Metcalfe was appointed to the Board on 6 July 2018. He is an experienced corporate financier, having spent over 20 years working at Robert Fleming & Co. N M Rothschild, Westhouse Securities, and Northland Capital Partners and was Joint CEO of Zeus Capital, prior to being the co-founder, in 2015 of IFC Advisory, an investor relations and financial PR adviser to small and mid-cap companies.

M. H. W. Perrin (Audit Committee Chairman) was appointed to the Board in June 2013. He is a director of Vipera plc and a non-executive director of Fiske plc. He is a Chartered Accountant and Chartered Wealth Manager and has wide international experience of operations and finance in both the regulated financial services and in industry.

ADVISERS

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Independent Auditors
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STRATEGIC REPORT

SUMMARY OF RESULTS

	At 30 June 2018	At 30 June 2017	Change
Equity shareholders' funds	**17,334,093**	17,736,777	(2.27)%
Number of ordinary shares in issue	**4,772,049**	4,772,049	–
Net asset value ("NAV") per ordinary share	**363.24p**	371.68p	(2.27)%
Ordinary share price (mid)	**331.00p**	325.00p	1.85%
(Discount)/premium to NAV	**(8.88)%**	(12.56)%	–

	At 30 June 2018	At 30 June 2017	
Total return per ordinary share*	**12.27p**	36.31p	–
Return after taxation per ordinary share	**25.69p**	24.64p	–
Dividends paid/declared per ordinary share	**20.70p**	20.70p	–

* The total return per ordinary share is based on total comprehensive income after taxation as detailed in the Consolidated Statement of Comprehensive Income and in note 6 and is shown to enable comparison with other investment trust companies.

FINANCIAL CALENDAR

November	Payment of first interim dividend for the year ending 30 June 2019.
December	Annual General Meeting.
February	Payment of second interim dividend for the year ending 30 June 2019.
February/March	Announcement of Half-Yearly Financial Report.
May	Payment of third interim dividend for the year ending 30 June 2019.
August	Payment of fourth interim dividend for the year ending 30 June 2019.
October	Announcement of Annual Results.

CHAIRMAN'S STATEMENT

This statement covers the year to 30 June 2018.

Introduction

Between 30 June 2017 and 30 June 2018 the FTSE All Share Index rose by 5.0%. The FTSE Actuaries UK Conventional Gilts All Stocks Index fell by 0.72% during the same period. The Company's NAV, which has a portfolio invested in both fixed income and equities, was 2.27 % lower within that period. Four dividends amounting to 20.7p per share were declared during the year.

Board Changes

Following earlier undertakings to refresh the Board, a number of changes were made on 6 July 2018. Sir David Thompson, Stephen Cockburn and Peter Allen, who had served on the Board for 13, 27 and 22 years respectively, retired and the Board, on behalf of all Shareholders, takes this opportunity to thank them for their long service. I was appointed, together with Tim Metcalfe, on 6 July 2018. We are both grateful for the continuity, support and expertise that Martin Perrin continues to bring to the Board.

Administrative and Portfolio Changes

As highlighted in the interim report, and following shareholder approval of the continuation vote at the last Annual General Meeting, the Board announced a change of Investment Manager to Fiske plc on 1 February 2018. The Board made a number of other administrative changes with the aim of significantly reducing the Company's ongoing annual expenses. However, the current regulatory environment and your Board's commitment to meet appropriate standards of governance mean that costs will always be subject to upward pressure.

Since the change of Investment Manager there have been a number of changes to the portfolio which are set out more fully in the Investment Manager's Report on page 5. You will also see there have been a number of changes to the Twenty Largest Investments set out on page 7.

Auditor

Saffery Champness have served the Company loyally for many years, for which we are grateful. We are now faced with their tenure becoming time-expired. We are pleased to report that we have asked PKF Littlejohn to become the Company's auditor and a resolution to that effect will be proposed at the Annual General Meeting.

Changes to Portfolio

Your new Board asked the Investment Manager to review the portfolio and the assess the Company's ability to meet the current mandate's yield expectations, whilst also carefully appraising the attendant risks in doing so. In order to put the Company on a more sustainable footing, and to give your new Investment Manager the opportunity to grow the assets of the Company, thereby giving your Board the opportunity to grow the size of the Company, we believe that some portfolio repositioning is necessary.

Dividend

In previous years, a relatively sizeable proportion of the dividend has been paid out of capital. Your new Board believes that this is not sustainable in the long term and that the Company must move towards ensuring that any dividend paid to shareholders is covered by the income produced by the assets, after allowing for the fixed costs, in order to give the Company a chance to grow in size. As a result of this change in approach, along with the change in the portfolio yield expectations, it is expected that a lower dividend totalling some 15p[1] is likely to be declared throughout the forthcoming year. This will still require a proportion of the dividend to be paid out of capital; however, this will be much lower than in previous years.

[1] This is a target and should not be interpreted as a profit or dividend forecast.

The Investment Manager will now seek to invest in equities and loan stocks to achieve a portfolio yield of approximately 5% where this can be achieved without compromising total return.

Portfolio Valuation Changes

As a result of the Board and the Investment Manager's review of the portfolio, a number of changes have been made to the carrying value of those investments which have no market price. This has a resulted in a £234,000 (1.4%) decrease in their valuation, which represents a decrease of 4.9p to the NAV of the Company. The Investment Manager, together with the Company's auditors, believe that these changes to carrying valuations are appropriate as a result of its review of the existing investments.

The Investment Manager's review of the portfolio is set out fully in the Investment Manager's Report on page 5.

Continuation

The Company has put forward an ordinary resolution for the continuation of the Company, with the vote taking place at the Annual General Meeting to be held on 29 November 2018.

Your Board is aware that the Company is too small relative to its fixed cost base, and its viability is dependent not just upon performance but also its ability to grow by attracting further capital. Your new Board is wholly committed to exploring all appropriate opportunities that are likely to enhance Shareholder returns and firmly believes that continuation would be in the best interests of all Shareholders as it will enable your new Board to continue with the implementation of the existing changes and to explore new options for the growth of the Company.

Outlook and Recommendation

Your Board believes that Shareholders benefit from the diversification provided by the combination of fixed income and equity investments, as well as from the quarterly dividends paid by the Company. When combined with the measures adopted during the last six months and the Board's commitment to growing the size of the Company meaningfully, the Board believes that the Company has the potential to be an attractive investment proposition.

Accordingly, your Directors recommend that members vote in favour of continuation.

Yours faithfully,

I. R. Dighé
Chairman

30 October 2018

INVESTMENT MANAGER'S REPORT

Performance
During the 12 month period to 30 June 2018, the NAV of the Company fell by 2.27% whilst the share price rose by 1.85%. During the year Fiske was appointed investment manager on 1 February 2018 and took responsibility for the portfolio on 1 April 2018. Between 1 April and 30 June 2018 the NAV rose by 0.83% and the discount narrowed from 13.61% to 8.88%.

Investment Commentary
The UK is experiencing moderate GDP growth. The inflationary impact of sterling's depreciation following the EU referendum is unwinding but the anticipated boost to disposable incomes is being partially offset by a rise in energy costs. While business investment remains subdued, exports are strong, job vacancies are high and unemployment is low. Wage growth is not accelerating as anticipated by the Bank of England but that did not prevent the Monetary Policy Committee – by unanimous vote – from raising rates to 0.75% in early August 2018.

Equity markets dislike uncertainty and the combination of Brexit and global trade wars are a growing investment risk. However, once there is clarity over the post-Brexit regulatory and political environment the UK could start to look even more attractive especially to those investors who are not currently allocating to the UK.

Portfolio
After taking over the responsibility for the portfolio on 1 April 2018, a number of existing holdings were either sold or reduced whilst new holdings were introduced.

In the fixed income part of the portfolio, holdings were reduced or sold in order to protect the capital value of the portfolio in the light of generally rising market interest rates. One of the securities sold was Phoenix Life 7.25% perpetual notes. This bond has a call date in March 2021 which we believe the issuer is likely to use in order to re-finance this debt on better terms.

In the equity segment of the portfolio, we have sold a number of holdings where liquidity was constrained and either the companies had performed well and this was reflected in the current market valuation or we perceived the current value was vulnerable to weakening sales growth, softening margins or to an overly leveraged balance sheet.

Future Prospects
The majority of the portfolio has historically been invested in fixed income securities including corporate bonds, preference shares and convertibles. As at 31 March 2018 the weighting of fixed interest securities was approximately 60%. During the three-month period to 30 June 2018 a number of fixed interest securities were sold, bringing the weighting down to approximately 50%.

Fundamentally, growth in capital value is driven by sustained growth in revenues and stable margins resulting in free cashflows available to re-invest in the business and provide for growth in dividends over time. We believe that share prices ultimately track long-term earnings and cashflows. As a result, our investment approach is to invest for the long term with a "buy and manage" approach.

Over time we will re-focus the portfolio in order to deliver long-term total returns from a blend of capital and income growth from a high conviction/low turnover portfolio. We will be investing with a multi-cap approach focusing on companies listed in the UK and seeking to preserve capital over the business cycle.

This is likely to lead to further reductions in the fixed interest exposure of the portfolio and an increase in the equity component. The process will take time, as a number of the holdings are relatively illiquid and will need to be sold carefully to preserve capital value.

M. Foster, J. P. Q. Harrison and J. Dieppe
Fiske plc

30 October 2018

STRATEGIC REPORT *continued*

TWENTY LARGEST INVESTMENTS

At 30 June 2018

	Stock	Number	Issue %	Book cost £	Market or Directors' valuation £	% of total portfolio
1.	**Lloyds Banking Group**					
	7.625% perpetual notes (LBG Capital)	478,000	0.03	204,360	522,301	3.20
	7.281% perpetual notes (Bank of Scotland)	400,000	0.27	315,331	474,204	2.90
	7.875% perpetual notes (LBG Capital)	362,000	0.05	245,997	419,721	2.57
				765,688	1,416,226	8.67
2.	**Royal Bank of Scotland Group**					
	9% series 'A' non-cum pref (Natwest)	500,000	0.36	362,920	770,000	4.71
3.	**Randall & Quilter Investment Holdings**					
	Ordinary 2p ^	401,884	0.32	401,544	655,071	4.01
4.	**Charles Taylor**					
	Ordinary 1p ^	192,198	0.25	334,592	595,814	3.65
5.	**Newcastle Building Society**					
	3.849% sub notes 23/12/19 (variable)	600,000	2.40	405,438	583,002	3.57
6.	**600 Group**					
	8% conv loan notes 14/02/20	500,000	–	500,000	531,120	3.25
7.	**Aggregated Micro Power**					
	8% conv loan notes 31/03/21	500,000	2.50	500,000	525,000	3.21
8.	**The Fishguard & Rosslare Railways and Harbours Company**					
	2.45% guaranteed preference stock	790,999	63.91	441,810	498,329	3.05
9.	**Nationwide Building Society**					
	10.25% core capital deferred shares (variable)	3,100	4.49	490,536	471,448	2.89
10.	**Intercede Group**					
	8% conv loan notes 29/12/21	450,000	8.99	450,000	450,000	2.75

^ Issues with unrestricted voting rights.

TWENTY LARGEST INVESTMENTS

At 30 June 2018

Stock	Number	Issue %	Book cost £	Market or Directors' valuation £	% of total portfolio
11. Vodafone Group					
Ordinary $0.2095 ^	242,000	–	501,387	444,796	2.72
12. GlaxoSmithKline					
Ordinary 11.395p ^	28,250	–	398,185	432,169	2.64
13. National Grid					
Ordinary 11.395p ^	50,400	–	403,032	422,554	2.59
14. Royal Mail					
Ordinary 1p ^	82,000	0.01	456,549	414,428	2.54
15. Polar Capital					
Ordinary 2.5p ^	56,500	0.06	303,980	405,670	2.48
16. Amalgamated Metal Corporation					
5.4% Cum Pref £1	256,065	18.21	144,049	204,852	1.25
6% Cum Pref £1	213,510	23.72	103,844	192,159	1.18
			247,893	397,011	2.43
17. Investec Investment Trust					
3.5% Cum Pref £1	461,508	35.50	271,938	299,980	1.84
5% Cum Pref £1	104,043	30.12	92,858	93,639	0.57
			364,796	393,619	2.41
18. Severn Trent					
Ordinary 97.89p ^	20,000	0.01	399,179	395,900	2.42
19. British American Tobacco					
Ordinary 25p ^	10,250	–	402,094	392,524	2.40
20. Direct Line Insurance Group					
Ordinary 10.9091p ^	105,621	0.01	354,049	362,174	2.22
			8,483,672	**10,556,855**	**64.61**

^ Issues with unrestricted voting rights.

The Company has a total of 69 portfolio investment holdings in 57 companies.

CORPORATE SUMMARY

Investment Objective

The Company's investment objective is to provide shareholders with an attractive level of dividends coupled with capital growth over the long term, through investment in a portfolio of equities, preference shares, loan stocks, debentures and convertibles.

Investment Policy

The Company invests in equity and fixed income securities. The equity portion of the portfolio would principally invest in UK quoted companies, with a wide range of market capitalisations, which are anticipated to pay a growing stream of dividends. It is expected that the fixed income securities would include preference shares, loan stocks, convertibles and related instruments and be issued by UK quoted companies with a wide range of market capitalisations. The conversion rights or equity warrants would normally convert into the underlying equity of the quoted company.

Any use of derivatives for investment purposes will be made on the basis of the same principles of risk spreading and diversification that apply to the Company's direct investments, as described below. The Company will not enter into uncovered short positions.

Risk diversification

Portfolio risk is mitigated by investing in a diversified spread of investments. Investments in any one company shall not, at the time of acquisition, exceed 15% of the value of the Company's investment portfolio. In the long term, it is expected that the Company's investments will generally be a portfolio of around 75 or more different securities, most of which will represent individually no more than 5% of the value of the Company's total investment portfolio, as at the time of acquisition.

The Company will not invest more than 10% of its gross assets, at the time of acquisition, in other listed closed-ended investment funds, whether managed by the Investment Manager or not, except that this restriction shall not apply to investments in listed closed-ended investment funds which themselves have stated investment policies to invest no more than 15% of their gross assets in other listed closed-ended investment funds.

Unquoted investments

The Investment Manager may invest in unquoted fixed income securities from time to time subject to prior Board approval.

Investment strategy

The Company uses a bottom-up investment approach to selecting a diversified portfolio of equity and fixed income securities.

The investment approach can be described as active and universal, as the Company will not seek to replicate any benchmark and will adopt a multicap investment approach within an overall diversified portfolio. Potential investments are assessed against the key criteria, including, yield along with an assessment of the prospects of underlying corporate growth prospects, market positions, calibre of management and risk and financial resilience.

Dividend Policy

Pursuant to the changes set out on page 3, your Board intends to pay a total dividend of 15p[1] per share during the year ending 30 July 2019. Any growth in net income in future years will be taken into account in assessing dividend levels with a view to gradually growing it going forward.

[1] This is a target and should not be interpreted as a profit or dividend forecast.

Capital Structure

As at 30 June 2018 and the date of this Annual Report, the Company's share capital consists of 4,772,049 ordinary shares of 50p each. The Company holds no shares in treasury. At general meetings of the Company, holders of ordinary shares are entitled to one vote on a show of hands and on a poll, to one vote for every share held.

In addition, there are 1,717,565 fixed rate preference shares of 50p in issue, all of which are held by New Centurian Trust Limited a wholly owned subsidiary of the Company. The fixed rate preference shares are non-voting, are entitled to receive a cumulative dividend of 0.01p per share per annum, and are entitled to receive their nominal value, 50p, on a distribution of assets or winding up. Preference shares are disclosed as equity in accordance with IAS 32.

Total Assets and Net Asset Value

The Company and its wholly owned subsidiaries, Abport Limited and New Centurion Trust Limited, had total net assets of £17,334,093 and a NAV of 363.24p per ordinary share at 30 June 2018 (2017: £17,736,777 and 371.68p).

Business Model

The principal activity of the Company is investment in equity securities of quoted UK companies with a wide range of market capitalisations, preference shares and prior charge securities with a view to achieving a high rate of income and capital growth over the medium term. The Company has been granted approval from HM Revenue & Customs ("HMRC") as an investment trust under sections 1158 and 1159 of the Corporation Tax Act 2010 ("ss1158/1159") and will continue to be treated as an investment trust company, subject to continuing to meet the conditions for approval.

The Directors are of the opinion that the Company has conducted its affairs for the year ended 30 June 2018 so as to be able to continue to qualify as an investment trust.

The Company's status as an investment trust allows it to obtain an exemption from paying taxes on the profits made from the sale of its investments and all other net capital gains. Investment trusts offer a number of advantages for investors, including access to investment opportunities that might not be open to private investors and to professional stock selection skills at lower cost.

The Company owns Abport Limited, an investment dealing company, and New Centurion Trust Limited, an inactive investment company (the "Subsidiaries"). The Company and its wholly owned Subsidiaries together compromise a group (the "Group").

Principal Risks and Uncertainties

The management of the business and the execution of the Group's strategy are subject to a number of risks. A robust assessment of the principal risks to the Company has been carried out, including those that would threaten its business model, future performance, solvency and liquidity. A summary of the risk management and internal control processes can be found in the Corporate Governance Statement on page 19. The key business risks affecting the Group are:

(i) **Investment decisions:** the performance of the Group's portfolio is dependent on a number of factors including, but not limited to the quality of initial investment decisions and the strategy and timing of sales;

(ii) **Investment valuations:** the valuation of the Group's portfolio and opportunities for realisations depend to some extent on stock market conditions and interest rates; and

(iii) **Macroeconomic environment for preference shares and prior charge securities:** the environment for issuing of new preference shares and prior charge securities determines whether new issues become available, thus affecting the choice and scope of investment opportunities for the Group.

Risk Management
Specific policies for managing risks are summarised below and have been applied throughout the year:

1. Market price risk
The Investment Manager monitors the prices of financial instruments held by the Group on a regular basis. In addition, it is the Board's policy to hold an appropriate spread of investments in the portfolio in order to reduce risks arising from investment decisions and investment valuations. The Investment Manager actively monitors market prices throughout the year and reports to the Board, which meets regularly in order to review investment strategy. Most of the equity investments held by the Company are listed on the London Stock Exchange.

2. Interest rate risk
In addition to the impact of the general investment climate, interest rate movements may specifically affect the fair value of investments in fixed interest securities. The Investment Manager monitors the applicable interest rates and yields associated with the securities.

3. Liquidity risk
The Group's assets mainly comprise readily realisable quoted securities that can be sold to meet funding commitments if necessary. Short-term flexibility is achieved through the use of overdraft facilities.

Additional risks and uncertainties include:

Credit risk: the failure of a counterparty to a transaction to discharge its obligations under that transaction that could result in the Company suffering a loss. Normal delivery versus payment practice and review of counterparties and custodians by the Investment Manager mean that this is not a significant risk.

Discount volatility: The Company's shares may trade at a price which represents a discount to its underlying NAV.

Regulatory risk: The Company operates in an evolving regulatory environment and faces a number of regulatory risks. A breach of section 1158/1159 would result in the Company being subject to capital gains tax on portfolio investments. Breaches of other regulations, including the Companies Act 2006, the UKLA Listing Rules, the UKLA Disclosure Guidance and Transparency Rules, or the Alternative Investment Fund Managers' Directive, could lead to a detrimental outcome. Breaches of controls by service providers to the Company could also lead to reputational damage or loss. The Board monitors compliance with regulations, with reports from the Investment Manager and the Administrator.

Protection of assets: The Company's assets are protected by the using its custodian, Fiske plc. In addition, the Company operates clear internal controls to safeguard all assets.

These and other risks facing the Company are reviewed regularly by the Audit Committee.

Key Performance Indicators ("KPIs")
The Board reviews performance by reference to a number of KPIs and considers that the most relevant KPIs are those that communicate the financial performance and strength of the Group as a whole. The Board and Investment Manager monitor the following KPIs:

– *NAV performance relative to the FTSE All-Share Index (total return)*
  The NAV per ordinary share at 30 June 2018 was 363.24p per share (2017: 371.68p). The total return of the NAV after adding back dividends paid was 3.3%. This compares with a total return on the FTSE All-Share Index of 8.98%.

– *(Discount)/premium of share price in relation to NAV*
  Over the year to 30 June 2018, the Company's share price moved from trading at a discount of 12.56% to a discount of 8.88%.

– *Ongoing Charges Ratio*
  The Ongoing Charges Ratio for the year to 30 June 2018 amounted to 2.6%.

Management
During the year the Company's investments were managed by Miton Asset Management Limited ("Miton") until 31 March 2018. On 1 April 2018 Fiske plc ("Fiske") took over responsibility as the Investment Manager. Further detail on Fiske is set out below:

- Fiske is an independent investment management company whose principal activities are the provision of private client investment management, asset management and private client and institutional stockbroking.
- Fiske is distinctive from a number of investment managers in that many of its portfolios do not use traditional benchmarks as they can bring unintentional risks that can impede the day-to-day investment manager's ability to maximise absolute returns for clients.
- Fiske is focused on delivering positive investment outcomes combined with a high level of service for its clients.
- Fiske is authorised and regulated by the Financial Conduct Authority, is a member of the London Stock Exchange and is quoted on AIM.
- Fiske is capitalised with equity capital, it has no debt and does not use financial instruments except its intra-day Crest cap facility.

Details of the Investment Manager
Fiske has a team of investment managers researching a broad range of quoted UK stocks. The day-to-day management of the portfolio is carried out by Michael Foster, James Harrison and Julian Dieppe.

Michael Foster
Michael joined Fiske in June 2017 to work on the launch of a UCITS fund for Fiske. In May 2018 the Ocean UK Equity Fund was launched with Michael as Lead Portfolio Manager. He holds the Investment Management Certificate and has managed extensive private investments since 2011.

James Harrison
James joined Fiske in 1996 and has over 20 years of industry experience. He is a Chartered Fellow of the Securities Institute and is Chief Executive Officer of Fiske plc. He manages a number of multi-asset private client portfolios and is also a co-manager of the Ocean UK Equity Fund.

Julian Dieppe
Julian joined Fiske in 2010 and has more than eight years of industry experience. He is a Member of the Securities Institute and manages a significant number of multi-asset private client portfolios at Fiske. He is also a co-manager of the Ocean UK Equity Fund.

Management Arrangements
Miton ceased to be the Company's Investment Manager on 31 March 2018. Up to that point, Miton had received £65,759 in management fees in respect of the year ended 30 June 2018.

On 1 February 2018, the Company announced that it was changing Investment Manager, and was appointing Fiske with effect from 1 April 2018. Fiske has been appointed as the Investment Manager under an agreement dated 1 February 2018.

Under the terms of the Investment Management Agreement, the Investment Manager has discretion to buy, sell, retain, exchange or otherwise deal in investment assets for the account of the Company.

The Investment Manager is entitled to receive from the Company, or any member of its subsidiaries in respect of its services provided under the Investment Management Agreement, a management fee payable monthly in arrears calculated at the rate of one-twelfth of 0.75% per calendar month of the NAV for its services under the Investment Management Agreement. This fee has been capped in respect of the first 12 months of Fiske's appointment, at £90,000.

The Investment Management Agreement is terminable by either the Investment Manager or the Company giving to the other not less than six months' written notice. The Investment Management Agreement may be terminated earlier by the Company with immediate effect on the occurrence of certain events, including the liquidation of the Investment Manager or appointment of a receiver or administrative receiver over the whole or any substantial part of the assets or undertaking of the Investment Manager, or a material breach by the Investment Manager of the Investment Management Agreement which is not remedied. The Company may also terminate the Investment Management Agreement if a continuation vote is not passed.

Having considered the terms of the Investment Management Agreement the Board considers that the current fee structure is appropriate.

It is the opinion of the Board that the continuing appointment of Fiske as Investment Manager on the terms disclosed is in the interests of shareholders as a whole.

As an investment company, managed and marketed in the UK, the Company is an Alternative Investment Fund ("AIF") under the provisions of the Alternative Investment Fund Manager's Directive ("AIFM").

The Company does not currently use gearing, makes sufficient risk disclosure within the report, and there have been no material changes to the investment policy or objectives. Therefore, it is considered that separate disclosures are not required.

Environmental, Human Rights, Employee, Social and Community Issues
The Board consists entirely of non-executive Directors and during the year the Company had one employee. Day-to-day management of the business is delegated to the Investment Manager. The Company has no direct impact on the community or the environment, and as such has no environmental, human rights, social or community policies. In carrying out its investment activities and in relationships with suppliers, the Company aims to conduct itself responsibly, ethically and fairly.

Environmental, Social and Governance factors are considered as part of the investment process as misjudgments on these matters can incur additional costs to the portfolio holdings, as well as undermining their equity return through reputational damage. The Investment Manager questions the corporate management on a variety of topics to ensure that investee companies are adhering to best practice. These questions can be wide ranging.

The Board's policy on diversity is to take this into account during the recruitment and appointment process. However, members of the Board are appointed on merit, against an objective criteria set by the Board acting as the Nomination Committee therefore there are no set targets against which to report.

The Strategic Report has been approved by the Board of Directors.

On behalf of the Board

I. R. Dighé
Chairman
30 October 2018

DIRECTORS' REPORT

The Directors present their report and financial statements for the year ended 30 June 2018. In accordance with the Companies Act 2006 as amended, the Listing Rules and the Disclosure and Transparency Rules, the reports within the Directors' Report and Corporate Governance Statement of the Annual Report should be read in conjunction with one another, and the Strategic Report.

Directors

The Directors in office at the date of this report are shown on page 1. Sir David Thompson, Stephan Cockburn and Peter Allen retired as Directors on 6 July 2018. Ian Dighé and Tim Metcalfe were appointed as Directors on 6 July 2018.

In accordance with the policy adopted by the Board, all Directors will stand for re-election at the forthcoming AGM.

Directors' and Officers' Liability Insurance

The Board acknowledges the recommendation from the Association of Investment Companies ("AIC") in respect of insurance cover and put in place Directors' and Officers' Liability Insurance with effect from July 2018.

Substantial Shareholdings

As at 30 June 2018, the Company had been notified of the following notifiable interests in its voting rights:

	Number of ordinary shares	% of voting rights
Miss J. B.Webb	539,344	11.30
Philip J. Milton & Company plc	387,364	8.12
Mrs S. Williams	283,124	5.93
Mr S. J. Cockburn*	201,322	4.22
Investec Wealth & Investment Limited	195,432	4.10

* In addition, Mr S. J. Cockburn has a non-beneficial interest in 79,239 ordinary shares

Subsequent to the year end, the Company was notified of the following change(s) to the above holdings:

On 4 July 2018, the Company was informed that Philip J. Milton & Company plc held 465,117 shares, representing 9.75% of the total voting rights.

The Company has not been informed of any further changes to the above holdings between 30 June 2018 and the date of this report.

Restrictions on the Transfer of Shares

The Directors are not aware of any agreements between shareholders that may result in restrictions on the transfer of securities or voting rights. The Directors are not aware of any other restrictions on the transfer of shares in the Company other than certain restrictions that may from time to time be imposed by laws and regulations. There are no agreements to which the Company is party that might affect its control following a successful takeover bid.

DIRECTORS' REPORT *continued*

Dividends

The dividends paid or payable in respect of the year ended 30 June 2018 are set out in the Strategic Report on page 2 and in note 7 to the Financial Statements.

Subsequent to the year end, an interim dividend of 5p per share, payable on 23 November 2018 to shareholders on the register at the close of business on 26 October 2018, was declared on 17 October 2018.

Financial Risk Management

The principal risks and the Company's policies for managing these risks are set out on pages 10 and 11 and in note 17 to the financial statements.

Corporate Governance

The Corporate Governance Statement on pages 19 to 22 forms part of the Report of the Directors.

Going Concern

At the forthcoming Annual General Meeting, shareholders will be asked to vote on the continuation of the Company as a closed-ended investment company. Should shareholders agree that the Company should continue to operate as an investment company, a similar ordinary resolution will be proposed at every Annual General Meeting ("AGM") thereafter.

The Directors believe that it is appropriate to adopt the going concern basis in preparing the financial statements as the assets of the Group consist mainly of securities which are readily realisable. The Directors are of the opinion that the Group has adequate resources to continue in operational existence for the foreseeable future. In arriving at this conclusion, the Directors have considered the liquidity of the portfolio and the Company's ability to meet obligations as they fall due for a period of at least 12 months from the date that these financial statements were approved.

Viability Statement

The Directors have assessed the viability of the Company over a two-year period, taking account of the Company's position and the risks as set out in the Strategic Report.

The period assessed balances the long-term aims of the Company, the Board's view that the success of the Company is best assessed over a longer time period and the inherent uncertainty of looking too far ahead. The Company puts forward an ordinary resolution for the continuation of the Company each year, with the vote taking place at the AGM.

As part of its assessment of the viability of the Company, the Board has considered the principal risks and uncertainties and the impact on the Company of a significant fall in the value of its portfolio.

To provide this assessment, the Board has considered the Company's financial position and its ability to liquidate its portfolio to meet its expenses or other liabilities as they fall due.

- The Company invests largely in debt, preference shares and equity instruments issued by companies listed and traded on regulated stock exchanges. These are traded, and whilst some may be less liquid than larger quoted companies, the portfolio is well diversified by both number of holdings and industry sector.

- The expenses of the Company are predictable and modest in comparison with the assets in the portfolio. There are no commitments that would change that position.

- The ongoing charges ratio of the Company was 2.6% as at 30 June 2018.

In addition to considering the principal risks on pages 10 to 11 and the financial position of the Company as described above, the Board has also considered the following further factors:

- the Board will ensure that the Investment Manager continues to adopt a long-term view when making investments;
- regulation will not increase to a level that makes the running of the Company uneconomical; and
- the performance of the Company will be satisfactory and should performance be less than the Board deem acceptable it has powers to take appropriate action.

Accordingly, the Directors have formed the reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the next two years.

Greenhouse Gas Emissions

The Company has no greenhouse gas emissions to report from its operations, nor does it have responsibility for any other emissions producing sources under the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013, including those within its underlying investment portfolio.

Requirements of the Listing Rules

Listing Rule 9.8.4 requires the Company to include certain information in a single identifiable section of the Annual Report or a cross-reference table indicating where the information is set out. The Directors confirm that the only disclosure required in relation to Listing Rule 9.8.4, is that as a Non-Executive Director of Fiske, Mr Perrin is deemed to have an interest in the Company's Investment Management Agreement. There were no other contracts subsisting during the year to which the Company was a party and in which a Director of the Company is or was materially interested; or between the Company and a controlling shareholder.

Auditor Information

The Directors who held office at the date of approval of the Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's Auditor is unaware; and each Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.

Auditor

Saffery Champness LLP is retiring as Auditor of the Company at the conclusion of the AGM. A resolution for the appointment of PKF Littlejohn LLP and for the Directors to determine their remuneration will be proposed at the forthcoming AGM.

Annual General Meeting

The Notice of the Annual General Meeting which is to be held on Thursday, 29 November 2018 (the "Notice") is set out on pages 64 to 67. Shareholders are being asked to vote on various items of business, being:

1. the receipt and adoption of the Strategic Report, the Reports of the Directors' and Auditor and the financial statements for the year ended 30 June 2018;
2. the receipt and approval of the Directors' Remuneration Report;
3. the election of Mr I. R. Dighé as a Director of the Company;
4. the election of Mr T. M. Metcalfe as a Director of the Company;
5. the re-election of Mr M. H. W. Perrin as a Director of the Company;
6. the appointment of PKF Littlejohn LLP as Auditor;
7. the authorisation of the Directors to determine the remuneration of the Auditor;
8. the approval of the Company's dividend payment policy;

9. the granting of authorities in relation to the allotment of shares;
10. the disapplication of pre-emption rights for certain issues of shares;
11. the purchase by the Company of its own shares;
12. the holding of general meetings on not less than 14 clear days' notice; and
13. the Continuation of the Company.

Resolutions 1 to 9 and 13 will be proposed as ordinary resolutions and resolutions 10 to 12 will be proposed as special resolutions at the AGM. Resolutions 9 to 13 will be proposed as special business.

Remuneration Report

Shareholders are being asked to vote on the receipt and approval of the Directors' Remuneration Report this year.

Election and re-election of the Directors

The Board have agreed that at each annual general meeting of the Company, all Directors will retire from office and each Director may offer himself for election or re-election. Mr Dighé and Mr Metcalfe having been appointed since the last AGM will offer themselves for election by shareholders. Mr Perrin will offer himself for re-election. The recommendations made to shareholders are to vote in favour of the election and re-election of all Directors given their material level of contribution and commitment to the role.

Dividend payment policy

The Company's policy is to pay dividends on a quarterly basis, with dividends declared in October, January, April and July and paid in November, February, May and August each year. As the fourth dividend is payable prior to the Annual General Meeting, which is scheduled to be held in December each year, it is declared as an interim dividend and there is accordingly no final dividend payable.

The Board is conscious that this means shareholders will not be given the opportunity to vote on the payment of a final dividend. Accordingly, shareholders will be asked to confirm their ongoing approval of the current dividend payment policy and this is set out in Resolution 8 in the Notice.

Authority to issue shares and disapplication of pre-emption rights

The Board wishes to have the authority to issue ordinary shares with the objective of further increasing the size of the Company.

Accordingly, an ordinary resolution to authorise the Directors to allot ordinary shares up to an aggregate nominal amount of £238,600 equal to 10% of the Company's issued ordinary share capital at the date of this Notice, will be proposed as Resolution 9.

In addition, Resolution 10 is being proposed as a special resolution to authorise the Directors to disapply the pre-emption rights of existing shareholders in relation to the issue of ordinary shares under Resolution 11 and to sell ordinary shares from treasury up to a maximum nominal amount of £119,300 equal to 5% of the Company's issued share capital as at the date of the Notice of AGM.

The Directors intend to issue ordinary shares, subject to any applicable regulatory requirements, when it is in the best interests of shareholders to do so. Ordinary shares will only be issued on a non-pre-emptive basis at a price not less than the prevailing NAV per ordinary share at the time of issue. There are currently no shares held in treasury.

These authorities, if approved, will expire at the Annual General Meeting of the Company to be held in 2019.

Purchase of Own Shares

Resolution 11, a special resolution, will renew the Company's authority to make market purchases of up to 14.99% of its ordinary shares, either for cancellation or placing into treasury at the determination of the Directors. Purchases of ordinary shares will be made within guidelines established from time to time by the Board. Any purchase of ordinary shares would be made only out of the available cash resources of the Company. The maximum price which may be paid for an ordinary share must not be more than the higher of (i) 5% above the average of the mid-market values of the ordinary shares for the five business days before the purchase is made, or (ii) the higher of the price of the last independent trade and the highest current independent bid for the ordinary shares. The minimum price which may be paid is 50p per ordinary share.

The Directors would use this authority to address any significant imbalance between the supply and demand for the Company's ordinary shares and to manage the discount to NAV at which the ordinary shares trade. Ordinary shares will be repurchased only at prices below the NAV per ordinary share, which should have the effect of increasing the NAV per ordinary share for remaining shareholders. This authority will expire at the AGM to be held in 2019 when a resolution to renew the authority will be proposed. No shares were bought back during the year.

Notice Period for General Meetings

Resolution 12, a special resolution, will give the Directors the ability to convene general meetings, other than annual general meetings, on a minimum of 14 clear days' notice. The minimum notice period for annual general meetings will remain at 21 clear days. The approval will be effective until the Company's AGM to be held in 2019, at which it is intended renewal will be sought. The Directors will only call a general meeting on 14 days' notice where they consider it to be in the interests of shareholders to do so and the relevant matter is required to be dealt with expediently.

Continuation vote

Resolution 13, an ordinary resolution, will approve the continuation of the Company as a closed-end investment trust in accordance with the Articles of Association. If this resolution is approved, the Articles of Association require a similar ordinary resolution to be proposed at every AGM thereafter.

Recommendation

The Directors consider that all the resolutions to be proposed at the AGM are in the best interests of the Company and its members as a whole. The Directors unanimously recommend that shareholders vote in favour of all the resolutions, as they intend to do in respect of their own beneficial holdings.

By order of the Board

Maitland Administration Services Limited Secretary
30 October 2018

CORPORATE GOVERNANCE STATEMENT

The Corporate Governance Statement forms part of the Directors' Report.

Statement of Compliance

The Board of the Company has considered the principles and recommendations of the AIC Code of Corporate Governance for Investment Companies ("AIC Code") by reference to the AIC Corporate Governance Guide for Investment Companies ("AIC Guide") published in July 2016. The AIC Code, as explained by the AIC Guide, incorporates the principles set out in the UK Corporate Governance Code ("UK Code"), as well as setting out additional principles and recommendations on issues that are of specific relevance to investment trusts.The Board considers that reporting against the principles and recommendations of the AIC Code provides better information to shareholders.

The Financial Reporting Council ("FRC"), the UK's independent regulator for corporate reporting and governance responsible for the UK Code, has endorsed the AIC Code and the AIC Guide. The terms of the FRC's endorsement mean that AIC members who report against the AIC Code and follow the AIC Guide meet fully their Listing Rule obligations in relation to the UK Code.

A copy of the AIC Code and the AIC Guide can be obtained via the AIC website: www.theaic.co.uk. A copy of the UK Code can be obtained at www.frc.org.uk.

The Company has complied with the recommendations of the AIC Code and the relevant provisions of the UK Code, except as set out below.

- the role of the chief executive;
- executive directors' remuneration; and
- the need for an internal audit function.

The Board considers these provisions are not relevant to the position of the Company, being an externally managed investment company. The Company has therefore not reported further in respect of these provisions.

A full portfolio listing is not provided as, in the opinion of the Directors, it is not in the best commercial interests of the Company.

The Board of Directors

During the year the Board comprised four non-executive Directors. Further to the changes announced on 6 July 2018, and at the date of this report, the Board comprises three non-executive Directors. Additional details are provided on the Directors' Report on page 14.

The Board is responsible for all matters of direction and control of the Group, including its investment policy and strategy. The Directors review at regular meetings the Group's investments and all other important issues to ensure that control is maintained over the Group's affairs.

The Chairman, Mr I. R. Dighé, is independent and has no conflicting relationships. He considers himself to have sufficient time to commit to the Company's affairs.

Mr Perrin, stepped down as the Senior Independent Director following the appointment of Fiske as the Investment Manager. The UK Corporate Governance Code (the "Code") recommends that the Board should appoint one of its independent non-executive directors to be the Senior Independent Director. However, as the Board is small, just three non-executive directors, it does not consider it necessary to replace Mr Perrin and nominate a new Senior Independent Director.

The Board has formalised the arrangements under which Directors, in the furtherance of their duties, may take independent professional advice. There were no third party indemnity provisions over the course of the year or since the year end.

None of the Directors has a service contract, but letters of appointment setting out the terms of their appointment are in place. Copies of which are available on request from the Secretary.

The appointment of a new Director would be on the basis of a candidate's merits and the skills/experience identified by the Board as being desirable to complement those of the existing Directors. The Company does not have a specific diversity policy, but diversity is one of the factors that would be taken into account when making a new appointment.

Board Operation
The Directors meet at regular Board meetings held at least once a quarter, with additional meetings arranged as necessary. During the year ended 30 June 2018, the number of Board and Committee meetings attended by each Director who served during the year was as follows:

	Board		Audit Committee	
	Number entitled to attend	Number attended	Number entitled to attend	Number attended
Martin Perrin	4	4	2	2
Sir David Thomson*	4	4	2	2
Peter Allen*	4	4	2	2
Stephen Cockburn*	4	4	2	2

*Sir David Thomson, Peter Allen and Stephen Cockburn all resigned on 6 July 2018

Performance Evaluation
Due to the recent changes to the constitution of the Board, it has not been deemed appropriate to conduct an evaluation of the performance of the Board, its Committee and the individual Directors at this stage. The next evaluation process will be carried out after the 2019 year end.

Directors' Independence
The Board reviewed the independent status of each individual Director and the Board as a whole. In the Board's opinion, all Directors, with the exception of Mr Perrin who is a non-executive director of Fiske, the Investment Manager, are considered to be independent of the Investment Manager in both character and judgment.

Re-election of Directors
The Board does not have a specific policy on tenure but has agreed a policy whereby all Directors shall seek annual re-election by the shareholders at the Company's AGM.

All Directors will therefore stand for election or re-election at the forthcoming Annual General Meeting. The Board has considered the election and re-election of each individual Director and recommends their election or re-election on the basis of their skills, knowledge and continued contribution. Details of the Chairman's other significant time commitments can be found on page 1.

Board Responsibilities and Relationship with the Investment Manager
The Board is responsible for the determination and implementation of the Company's investment policy and strategy and has overall responsibility for the Company's activities, including the review of investment activity and performance, control and supervision of the Investment Manager. The Board's main roles are to create value for shareholders, to provide leadership to the Company and to approve the Company's strategic objectives. The Board has adopted a schedule of matters reserved for its decision and specific responsibilities that includes: reviewing the Company's investments, asset allocation, gearing policy, cash management, investment outlook and revenue forecasts.

The Group's day-to-day functions have been subcontracted to a number of service providers, each engaged under separate legal agreements. The management of its assets has been delegated to Fiske, which has discretion to manage the assets in accordance with the Company's investment objective and policy. The Board has agreed that there is no need to set a formal policy regarding voting and has given the Investment Manager discretionary voting powers.

At each Board meeting the Directors follow a formal agenda, which is circulated in advance by the Company Secretary. The Secretary, Administrator and Investment Manager regularly provide financial information, together with briefing notes and papers in relation to changes in the Company's economic and financial environment, statutory and regulatory changes and corporate governance best practice.

At each Board meeting a representative from the Investment Manager is in attendance to present verbal and written reporting covering the Company's activities, portfolio and investment performance over the preceding period. Ongoing communication with the Board is maintained between formal meetings.

Committees of the Board

The Company has appointed an Audit Committee to monitor specific operations, further details are provided in the Audit Committee Report on pages 23 and 24. Given the size of the Board, it is not felt appropriate to have a separate Management Engagement, Nomination or Remuneration Committee. The functions that would be normally carried out by these Committees are dealt with by the full Board.

The Audit Committee is comprised of all of the Non-Executive Directors of the Company and is chaired by Mr Perrin. Given the size of the Board, it is deemed proportionate and practical for all Directors to sit on the Audit Committee. Mr Perrin is a qualified chartered accountant with a wide experience of operations and finance in industry. The Board is satisfied that Mr Perrin has recent and relevant financial experience to guide the Committee in its deliberations.

Internal Control Review

The Directors are responsible for the Group's risk management and systems of internal control, for the reliability of the financial reporting process and for reviewing their effectiveness.

Throughout the year under review and up to the date of this Annual Report, there has been an ongoing process for identifying, evaluating and managing the principal risks faced by the Group, which accords with guidance supplied by the FRC on risk management, internal control and related financial and business reporting. This is reviewed on a regular basis by the Board. The internal control systems are designed to ensure that proper accounting records are maintained, that the financial information on which business decisions are made and which are issued for publication is reliable and that the assets of the Group are safeguarded. The risk management process and Group systems of internal control are designed to manage rather than eliminate the risk of failure to achieve the Company's objectives. It should be recognised that such systems can only provide reasonable, not absolute, assurance against material misstatement or loss.

The Directors have carried out a review of the effectiveness of the systems of internal control as they have operated during the year and up to the date of approval of the Annual Report and Financial Statements. The internal control systems in place are considered to be effective as there were no matters arising from this review that required further investigation and no significant failings or weaknesses were identified.

Risk assessment and a review of internal controls is undertaken regularly in the context of the Company's overall investment objective. The Board, through the Audit Committee, has identified risk management controls in four key areas: corporate strategy; published information and compliance with laws and regulations; relationships with service providers; and investment and business activities. In arriving at its judgment, the Board has considered the Company's operations in light of the following factors:

- the nature and extent of risks which it regards as acceptable for the Company to bear within its overall business objective;
- the threat of such risks becoming reality;
- the Company's ability to reduce the incidence and impact of risk on its performance; and
- the cost to the Company and benefits related to the Company and third parties operating the relevant controls.

Most functions for the day-to-day management of the Company are sub-contracted to third party service providers, and the Directors therefore obtain regular assurances and information from these suppliers regarding their internal systems and controls. In addition, each of the third parties is requested to provide a copy of their report on internal controls each year, which is reviewed by the Audit Committee.

Internal Audit
As the Company's investment management, administration and custodial activities are carried out by third party service providers the Board does not consider it necessary to have an internal audit function.

The Board reviews financial information produced by the Investment Manager and Administrator on a regular basis.

Relations with Shareholders
Communication with shareholders is given a high priority by both the Board and the Investment Manager. All shareholders are encouraged to attend and vote at the AGM, during which the Board and the Investment Manager are available to discuss any issues affecting the Company. Shareholders that wish to communicate directly with the Board or to lodge a question in advance of the AGM should contact the Secretary at the address on page 1.

The Annual and Half-Yearly Reports of the Company are prepared by the Board to present a full, fair, balanced and understandable review of the Company's performance, business model and strategy. Copies of these are released to the London Stock Exchange, dispatched to shareholders by mail and are also available from the Secretary or at www.maitlandgroup.com/TheInvestmentCompany

The Board maintains regular dialogue with representatives of the Company's largest shareholders throughout the year. The Board is mindful of feedback received from shareholders.

Disclosure and Transparency Rules ("DTR")
Other information required to be disclosed pursuant to the DTR has been placed in the Directors' Report because it is information which refers to events that have taken place during the course of the year.

On behalf of the Board

I. R. Dighé
Chairman
30 October 2018

AUDIT COMMITTEE REPORT (THE "COMMITTEE")

Role of the Audit Committee

The primary responsibilities of the Audit Committee (the "Committee") are:

- to monitor the integrity of the financial statements of the Group, and review the financial reporting process and the accounting policies of the Group;
- to keep under review the effectiveness of the Group's internal control environment and risk management systems;
- review annually the need for the Group to have its own internal audit function;
- to make recommendations to the Board in relation to the re-appointment or removal of the external Auditor and to approve its remuneration and terms of engagement;
- to review the effectiveness of the audit process;
- to develop and implement a policy on the supply of non-audit services by the Auditor; and
- to review and monitor the Auditor's independence and objectivity.

Matters considered in the year

The Committee met twice during the financial year to consider the financial statements and to review the internal control systems.

The Audit Committee has:

- reviewed the need for the Group to have its own internal audit function;
- reviewed the internal controls and risk management systems of the Company and those of its third party service providers;
- reviewed and, where appropriate, updated the Company's risk register;
- agreed the audit plan with the Auditor, including the principal areas of focus;
- received and discussed with the Auditor its report on the results of the audit; and
- reviewed the Group's financial statements and advised the Board accordingly.

The principal issues identified by the Committee were the valuation and ownership of the investment portfolio, in particular the unquoted holdings and revenue recognition. The Board relies on the Administrator and Investment Manager to use correct listed prices and seeks comfort in the testing of this process through the internal control statements. This was discussed with the Administrator, Investment Manager and Auditor at the conclusion of the audit of the financial statements.

The Committee assesses annually whether it is appropriate to prepare the Company's financial statements on a going concern basis, and makes its recommendations to the Board. The Board's conclusions are set out on page 15.

The Committee considers the internal control system of the Company and its third party service provider. There were no significant matters of concern identified in the Committee's review of the internal controls of the Company and its third party service provider.

AUDIT COMMITTEE (THE "COMMITTEE") *continued*

Following consideration of the above, and its detailed review, the Committee was of the opinion that the Annual Report and Financial Statements, taken as a whole, are fair, balanced and understandable and provide the information necessary to assess the Company's position and performance, business model and strategy and advised the Board accordingly.

Auditor

Subject to shareholder approval at the AGM, following the appointment of PFK Littlejohn LLP the Audit Committee will, in accordance with the terms of reference of the Committee, continue to consider the need to put the audit out to tender, the Auditor's performance, its fees and independence, along with matters raised during each audit.

Audit Fees

An audit fee of £33,450 had been agreed in respect of the audit for the year ended 30 June 2018.

Audit services

The Committee reviews the need for non-audit services and authorises such on a case by case basis, having consideration to the cost-effectiveness of the services and the independence and objectivity of the Auditor. No non-audit services were provided to the Group in the year under review.

Appointment of the Auditor

The Audit Committee has recommended to the Board the appointment of PFK Littlejohn LLP as Auditor to the Company following the resignation of Saffery Champness LLP at the conclusion of the AGM.

M. H. W. Perrin (FCA)
Chairman
Audit Committee

30 October 2018

DIRECTORS' REMUNERATION REPORT

The Board has prepared this report in accordance with the requirements of the Large and Medium Sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013. An ordinary resolution for the approval of the Remuneration Report will be put to shareholders at the forthcoming AGM.

The law requires the Company's Auditor to audit certain disclosures provided. Where disclosures have been audited, they are indicated as such. The Auditor's opinion is included in the Independent Auditor's Report on pages 30 to 34.

Annual Statement from the Chairman
I am pleased to present the Directors' Remuneration Report for the year ended 30 June 2018.

Given the size of the Board, it is not considered appropriate for the Company to have a separate Remuneration Committee and the functions of this Committee are carried out by the Board as a whole. Each Director of the Company takes no part in discussions concerning their own remuneration.

Directors' fees at the start of the year ended 30 June 2018 were at a level of £15,000 per annum.

Remuneration Policy
The Board's policy is that the remuneration of non-executive Directors should reflect the experience of the Board as a whole, and is determined with reference to comparable financial organisations and appointments.

The fees for each non-executive Director are determined within the limits set out in the Company's Articles of Association adopted on 24 June 2013, not to exceed a maximum aggregate amount equivalent to £15,000 per Director per annum. Directors are not eligible for bonuses, pension benefits, share options, long-term incentive schemes or other performance-related benefits or compensation for loss of office as the Board does not believe that it is appropriate for non-executive Directors. Directors fees will be reviewed in the future, within the context of growing the assets of the Company, and will be subject to shareholder approval.

Directors are entitled to be paid all expenses properly incurred in attending Board or shareholder meetings, or otherwise in the performance of their duties.

Under the Company's Articles of Association, if any Director performs or agrees to perform services (including services as a member of any committee(s)) which in the opinion of the Directors are beyond the ordinary and usual duties of a Director, the Director may (unless otherwise expressly resolved by the Company in general meeting) be paid such extra remuneration by way of salary, percentage of profits or otherwise, as the Directors may determine, which shall be charged as part of the Company's ordinary working expenses. However, as the Directors do not receive performance related pay, any additional remuneration would not be based on a percentage of profits.

	Expected fees for the year to 30 June 2019	Fees for the year to 30 June 2018
Non-executive Director	**£15,000**	£15,000

Fees for any new Director appointed will be on the above basis. Any views expressed by shareholders on the fees being paid to Directors would be taken into consideration by the Board. It is the Board's policy that Directors do not have service contracts, but Directors are provided with letters of appointment detailing the terms of their appointment. The continuation of an appointment is contingent on re-election at each AGM. A Director may resign by notice in writing to the Board at any time, there is no notice period.

The terms of appointment provide that Directors shall retire and be subject to annual re-election at each Annual General Meeting of the Company in accordance with the Articles of Association of the Company. Compensation will not be paid upon early termination of appointment.

There are no proposed changes to the Remuneration Policy to be implemented during the course of the next financial year. The Remuneration Policy was approved at the AGM in 2017.

Directors' Emoluments for the Year (audited)

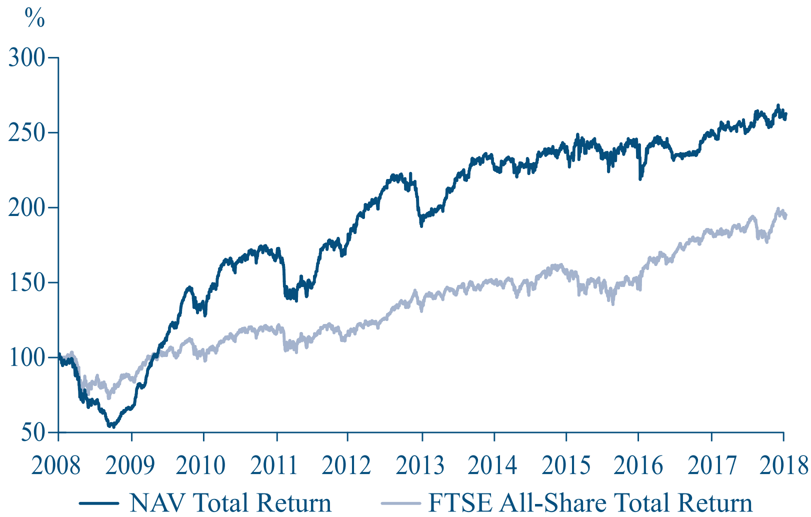
The Directors who served in the year received the following emoluments in the form of fees:

	Year ended 30 June 2018		Year ended 30 June 2017	
	Fees £	**Total £**	Fees £	Total £
Sir David Thomson*	**15,000**	**15,000**	15,000	15,000
Peter Allen*	**15,000**	**15,000**	15,000	15,000
Stephen Cockburn*	**15,000**	**15,000**	15,000	15,000
Martin Perrin	**15,000**	**15,000**	15,000	15,000
	60,000	**60,000**	60,000	60,000

*Sir David Thomson, Peter Allen and Stephen Cockburn all resigned on 6 July 2018

Company Performance

The Company does not have a specific benchmark against which performance is measured. The graph below compares the total return (assuming all dividends are reinvested) to holders of ordinary shares compared to the total shareholder return of the FTSE All-Share Total Return Index, which is the closest broad index against which to measure the Company's performance.



Source: Stockdale Securities Limited

Relative Importance of Spend on Pay

The table below shows the proportion of the Company's income spent on pay.

	2018 £	2017 £	Change
Dividends paid to ordinary shareholders in the year	**987,813**	987,813	–
Total remuneration paid to Directors	**60,000**	60,000	–

Directors' Beneficial and Family Interests (audited)

The Board has not adopted a policy that Directors are required to own shares in the Company.

The interests of the current Directors and their families in the voting rights of the Company are set out below:

	As at 30 June 2018 No of ordinary shares	As at 30 June 2017 No of ordinary shares
†Sir David Thomson	**57,000**	57,000
†Peter Allen	**20,000**	20,000
†Stephen Cockburn*	**201,322**	201,322
Martin Perrin	**7,144**	7,144

* In addition, Stephen Cockburn had a non-beneficial interest in 79,239 ordinary shares.

† Sir David Thomson, Peter Allen and Stephen Cockburn resigned on 6 July 2018.

Mr Dighé and Mr Metcalfe do not hold shares in the Company.

There have been no changes to the Directors' share interests between 30 June 2018 and the date of this Report.

Voting at Annual General Meeting

The Directors' Remuneration Report for the year ended 30 June 2017 and the Directors' Remuneration Policy were approved by shareholders at the Annual General Meeting held on 7 December 2017. The votes cast by proxy were as follows:

Directors' Remuneration Report

	Number of votes	**% of votes cast**
At Chairman's discretion	110,600	10.32
For	958,472	89.41
Against	2,893	0.27
Total votes cast	1,071,965	100.00
Number of votes withheld	7,200	

Directors' Remuneration Policy

	Number of votes	**% of votes cast**
At Chairman's discretion	110,823	10.34
For	958,249	89.39
Against	2,893	0.27
Total votes cast	1,071,965	100.00
Number of votes withheld	7,200	

Approval

The Directors' Remuneration Report was approved by the Board on 30 October 2018.

On behalf of the Board

I. R. Dighé
Chairman

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing this Annual Report and the financial statements in accordance with applicable United Kingdom law and regulations and those International Financial Reporting Standards ("IFRS") adopted by the European Union and Article 4 of the International Accounting Standards. Company law requires the Directors to prepare financial statements for each financial period which present fairly the financial position of the Group and the financial performance and cash flows of the Group for that period.

In preparing those 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;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- state whether applicable IFRS have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business; and
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the Group financial statements comply with the Companies Act 2006 and Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that comply with that law and those regulations, and for ensuring that the Annual Report includes information required by the Listing Rules of the Financial Conduct Authority.

The financial statements are available on the Administrator's website, www.maitlandgroup.com. The work carried out by the Auditor does not involve consideration of the maintenance and integrity of this website and, accordingly, the Auditor accepts no responsibility for any changes that have occurred to the financial statements since they were initially presented on the website. Visitors to the website need to be aware that legislation in the United Kingdom covering the preparation and dissemination of the financial statements may differ from legislation in their jurisdiction.

STATEMENT OF DIRECTORS' RESPONSIBILITIES *continued*

We confirm that to the best of our knowledge:

- the Group and Company financial statements, prepared in accordance with IFRS as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the Group;

- this Annual Report includes a fair review of the development and performance of the business and the position of the Group together with a description of the principal risks and uncertainties that it faces; and

- the Annual Report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

On behalf of the Board

I. R. Dighé
Chairman
30 October 2018

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

Opinion
We have audited the financial statements of The Investment Company Plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 June 2018 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Changes in Equity, the Consolidated and Company Balance Sheets, the Consolidated and Company Cash Flow Statements 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 affairs of the group and of the parent company as at 30 June 2018 and of the group's profit for the period then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006; and as regards the group financial statements, Article 4 of the IAS Regulation.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) 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 group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public 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.

Conclusions relating to principal risks, going concern and viability statement
We have nothing to report in respect of the following information in the annual report, in relation to which the ISAs (UK) require us to report to you whether we have anything material to add or draw attention to:

- the disclosure in the annual report set out on pages 10 and 11 that describe the principal risks and explain how they are being managed or mitigated;
- the directors' confirmation set out on page 10 in the annual report that they have carried out a robust assessment of the principal risks facing the group, including those that would threaten its business model, future performance, solvency or liquidity;
- the directors' statement set out on page 15 in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the directors' identification of any material uncertainties to the group and the parent company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- whether the directors' statement relating to going concern required under the Listing Rules in accordance with Listing Rule 9.8.6R (3) is materially inconsistent with out knowledge obtained in the audit; or
- the directors' explanation set out on pages 15 and 16 in the annual report as to how they have assessed the prospects of the group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

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 which 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 statement as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

- **Revenue recognition and completeness** – Investment income may be understated and investment income may not have been recognised in the correct period. Based on the group's holdings and externally available information regarding distributions and interest payments made we formed an expectation of income in the year and compared this to actuals to confirm completeness of income. Substantive testing was performed on listed and unlisted investments held during the year and confirmed that distributions and/or interest due on those holdings were correctly recognised in the financial statements. We did not identify any material misstatements in respect to completeness and timing of revenue recognition and we found the group's revenue recognition policy to be in line with accounting standards.

- **Investment valuation and ownership** – Investments are held in the balance sheet at fair value which, in the case of unlisted investments where a market-based valuation is not readily available, is determined using judgement. The group may not hold the legal title to the investments carried on the Balance Sheet. We have agreed a sample of year-end investment holdings to external valuations and custody sources to verify the valuation and existence of these investments. For unlisted investments we have reviewed the management's assessment of the valuation and concluded on whether the methodology and assumptions used are appropriate. We concluded that the assumptions used in the valuations are supportable in light of available and comparable market evidence.

Our application of materiality

We apply the concept of materiality in planning and performing our audit, in evaluating the effect of any identified misstatements and in forming our opinion. Our overall objective as auditor is to obtain reasonable assurance that the financial statements as a whole are free from material misstatement, whether due to fraud or error. We consider a misstatement to be material where it could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We have determined a materiality of £330,000 for the financial statements as a whole. This is based on 2% of net assets.

Performance materiality is the application of materiality at the individual account or balance level. We set it at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality. On the basis of our risk assessment of the group's overall control environment, our judgement was that performance materiality was 75% of our planning materiality, namely £247,000.

In the Consolidated Statement of Comprehensive Income the capital and revenue distinction is important to the group, and therefore we have applied a specific materiality of £24,000 or 5% of the group's Revenue Return before taxation to that Statement.

Our reporting threshold, being the amount below which identified misstatements are considered as being clearly trivial, was set at £1,000.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality and qualitative considerations in forming our opinion.

We communicate all misstatements to the Audit Committee.

An overview of the scope of our audit

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope.

In response to the risks identified above:

- for a sample of investments held in the year, we formed an expectation of revenue to be received and compared this to the actual revenue recorded by the group
- we obtained independent confirmation from the custodian of the investments held at the year end and agreed this to the investments recorded by the group
- we agreed the valuation of quoted investments to an independent source of prices
- we assessed and tested the methodology and assumptions used in valuing the unlisted investments.

Explanation of the extend to which our audit can detect fraud

The objectives of our audit, in respect of fraud, are: to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risk of material misstatement due to fraud, through designing and implementing appropriate responses; and to respond appropriately to fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud risks with both those charged with governance of the entity and management.

We assessed the susceptibility of the group's financial statements to material misstatement by considering the programs and controls that the group has established to address risks identified by the entity and how senior management monitor those programs and controls, and by evaluating conditions in the context of incentive/pressure to commit fraud, considering the opportunity to commit fraud.

Based on our understanding obtained through the procedures outlined above, we designed our audit procedures to identify non-compliance with the aforementioned laws and regulations. Our procedures included journal entry testing, inquiries of management, and focused testing , as referred to in the key audit matters section above.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, 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 in 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.

In this context, we also have nothing to report in regard to our responsibility to specifically address the following items in the other information and to report as uncorrected material misstatements of the other information where we conclude that those items meet the following conditions:

- **Fair, balanced and understandable set out on page 29** – the statement given by the directors that they consider the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the group's performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or

- **Audit committee reporting set out on pages 23 and 24** – the section describing the work of the audit committee does not appropriately address matters communicated by us to the audit committee; or

- **Directors' statement of compliance with the UK Corporate Governance Code set out on page 19** – the parts of the directors' statement required under the Listing Rules relating to the company's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 9.8.10R (2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

Opinions on other matters prescribed by the Companies Act 2006
In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the group and parent company and its environment obtained in the course of the audit, we have not identified material misstatements in:

- the Strategic report or the Directors' Report;

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or

- the parent company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or

- certain disclosures of directors' remuneration specified by law are not made; or

- we have not received all the information and explanations we require for our audit.

Responsibilities of directors
As explained more fully in the Directors' Responsibilities Statement set out on pages 28 and 29, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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 group's and parent 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 group or parent 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 (UK) 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other matters which we are required to address

We were appointed by the Board over 30 years ago to audit the financial statements. We will stand down as auditor by 16 June 2020 in accordance with the Audit Regulation transitional arrangements.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the group or the parent company and we remain independent of the group and the parent company in conducting our audit.

Our audit opinion is consistent with the additional report to the audit committee.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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.

Michael Di Leto
(Senior Statutory Auditor)
for and on behalf of Saffery Champness LLP
Chartered Accountants
Statutory Auditors
71 Queen Victoria Street
London
EC4V 4BE

30 October 2018

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2018

	Notes	**Year to 30 June 2018** Revenue £	Capital £	Total £	Year to 30 June 2017 Revenue £	Capital £	Total £
Realised gains/(losses) on investments	11	**–**	**79,185**	**79,185**	–	(659,326)	(659,326)
Unrealised gains on investments held at fair value through profit or loss	11	**–**	**732,429**	**732,429**	–	1,018,729	1,018,729
Movement in impairment provision on investments held as available for sale		**–**	**(3,745)**	**(3,745)**	–	339,395	339,395
Exchange losses on capital items		**–**	**(3,050)**	**(3,050)**	–	(8,892)	(8,892)
Losses on derivative contracts	12	**–**	**(63,640)**	**(63,640)**	–	(276,213)	(276,213)
Investment income	2	**956,273**	**–**	**956,273**	1,199,285	–	1,199,285
Investment management fee	3	**(88,259)**	**–**	**(88,259)**	(160,723)	–	(160,723)
Other expenses	4	**(378,089)**	**(123)**	**(378,212)**	(279,629)	–	(279,629)
Return before finance costs and taxation		**489,925**	**741,056**	**1,230,981**	758,933	413,693	1,172,626
Finance costs							
Bank debit interest		**–**	**–**	**–**	(9)		(9)
Return before taxation		**489,925**	**741,056**	**1,230,981**	758,924	413,693	1,172,617
Taxation	5	**(5,329)**	**–**	**(5,329)**	3,241		3,241
Return after taxation		**484,596**	**741,056**	**1,225,652**	762,165	413,693	1,175,858
Other comprehensive income							
Movement in unrealised appreciation on investments held as available for sale							
Recognised in equity		**–**	**30,134**	**30,134**	–	575,730	575,730
Recognised in return after taxation		**–**	**(670,657)**	**(670,657)**	–	(18,637)	(18,637)
Other comprehensive (expense)/ income after taxation		**–**	**(640,523)**	**(640,523)**	–	557,093	557,093
Total comprehensive income after taxation		**484,596**	**100,533**	**585,129**	762,165	970,786	1,732,951
Return after taxation per 50p ordinary share							
Basic and diluted	6	**10.16p**	**15.53p**	**25.69p**	15.97p	8.67p	24.64p
Return on total comprehensive income after taxation per 50p ordinary share							
Basic and diluted	6	**10.16p**	**2.11p**	**12.27p**	15.97p	20.34p	36.31p

The total column of this statement is the Consolidated Statement of Comprehensive Income of the Group prepared in accordance with IFRS. The supplementary revenue and capital columns are prepared in accordance with the Statement of Recommended Practice issued by the Association of Investment Companies.

All revenue and capital items in the above statement derive from continuing operations. No operations were acquired or discontinued during the period.

The notes on pages 41 to 63 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2018

	Issued ordinary share capital £	Share premium £	Capital redemption reserve £	Revaluation reserve £	Capital reserve £	Revenue account £	Total £
Balance at 1 July 2017	**2,386,025**	**4,453,903**	**2,408,820**	**2,557,941**	**6,569,061**	**(638,973)**	**17,736,777**
Total comprehensive income							
Net return for the year	–	–	–	–	**741,056**	**484,596**	**1,225,652**
Movement in unrealised appreciation on investments held as available for sale:							
– Recognised in equity	–	–	–	**30,134**	–	–	**30,134**
– Recognised in return after taxation	–	–	–	**(670,657)**	–	–	**(670,657)**
Transactions with shareholders recorded directly to equity							
Ordinary dividends paid	–	–	–	–	–	**(987,813)**	**(987,813)**
Balance at 30 June 2018	**2,386,025**	**4,453,903**	**2,408,820**	**1,917,418**	**7,310,117**	**(1,142,190)**	**17,334,093**

	Issued ordinary share capital £	Share premium £	Capital redemption reserve £	Revaluation reserve £	Capital reserve £	Revenue account £	Total £
Balance at 1 July 2016	2,386,025	4,453,903	2,408,820	2,000,848	6,155,368	(413,325)	16,991,639
Total comprehensive income							
Net return for the year	–	–	–	–	413,693	762,165	1,175,858
Movement in unrealised appreciation on investments held as available for sale:							
– Recognised in equity	–	–	–	575,730	–	–	575,730
– Recognised in return after taxation	–	–	–	(18,637)	–	–	(18,637)
Transactions with shareholders recorded directly to equity							
Ordinary dividends paid	–	–	–	–	–	(987,813)	(987,813)
Balance at 30 June 2017	2,386,025	4,453,903	2,408,820	2,557,941	6,569,061	(638,973)	17,736,777

The notes on pages 41 to 63 form part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2018

	Issued ordinary share capital £	Issued preference share capital £	Share premium £	Capital redemption reserve £	Revaluation reserve £	Capital reserve £	Revenue account £	Total £
Balance at 1 July 2017	**2,386,025**	**858,783**	**4,453,903**	**2,408,820**	**2,556,323**	**4,025,262**	**1,827,740**	**18,516,856**
Total comprehensive income								
Net return for the year	–	–	–	–	–	**733,093**	**488,190**	**1,221,283**
Movement in unrealised appreciation on investments held as available for sale:								
– Recognised in equity	–	–	–	–	**41,318**	–	–	**41,318**
– Recognised in return after taxation	–	–	–	–	**(673,879)**	–	–	**(673,879)**
Transactions with shareholders recorded directly to equity								
Ordinary dividends paid	–	–	–	–	–	–	**(987,813)**	**(987,813)**
Preference share dividends paid	–	–	–	–	–	–	**(172)**	**(172)**
Balance at 30 June 2018	**2,386,025**	**858,783**	**4,453,903**	**2,408,820**	**1,923,762**	**4,758,355**	**1,327,945**	**18,117,593**
Balance at 1 July 2016	2,386,025	858,783	4,453,903	2,408,820	1,989,576	3,621,223	2,064,612	17,782,942
Total comprehensive income								
Net return for the year	–	–	–	–	–	404,039	751,113	1,155,152
Movement in unrealised appreciation on investments held as available for sale:								
– Recognised in equity	–	–	–	–	585,384	–	–	585,384
– Recognised in return after taxation	–	–	–	–	(18,637)	–	–	(18,637)
Transactions with shareholders recorded directly to equity								
Ordinary dividends paid	–	–	–	–	–	–	(987,813)	(987,813)
Preference share dividends paid	–	–	–	–	–	–	(172)	(172)
Balance at 30 June 2017	2,386,025	858,783	4,453,903	2,408,820	2,556,323	4,025,262	1,827,740	18,516,856

The notes on pages 41 to 63 form part of these financial statements.

CONSOLIDATED BALANCE SHEET

As at 30 June 2018

	Note	**Group 2018 £**	Group 2017 £
Non-current assets			
Investments	11	**16,340,329**	16,289,129
Current assets			
Derivative financial instruments	12	**–**	63,640
Trade and other receivables	15	**265,341**	211,300
Investments available for sale		**2,077**	2,265
Cash and bank balances		**843,433**	1,267,244
		1,110,851	1,544,449
Current liabilities			
Trade and other payables	16	**(117,087)**	(96,801)
		(117,087)	(96,801)
Net current assets		**993,764**	1,447,648
Net assets		**17,334,093**	17,736,777
Capital and reserves			
Issued ordinary share capital	8	**2,386,025**	2,386,025
Share premium		**4,453,903**	4,453,903
Capital redemption reserve		**2,408,820**	2,408,820
Revaluation reserve		**1,917,418**	2,557,941
Capital reserve		**7,310,117**	6,569,061
Revenue reserve		**(1,142,190)**	(638,973)
Shareholders' funds	10	**17,334,093**	17,736,777
NAV per 50p ordinary share		**363.24p**	371.68p

These financial statements were approved by the Board on 30 October 2018 and were signed on its behalf by:

I. R. Dighé
Chairman

Company Number: 4205

The notes on pages 41 to 63 form part of these financial statements.

COMPANY BALANCE SHEET

As at 30 June 2018

	Note	**Company 2018 £**	Company 2017 £
Non-current assets			
Investments	11	**16,340,329**	16,289,129
Investment in subsidiaries	13	**862,656**	862,656
		17,202,985	17,151,785
Current assets			
Derivative financial instruments	12	**–**	63,640
Trade and other receivables	15	**285,830**	227,059
Cash and bank balances		**843,433**	1,265,397
		1,129,263	1,556,096
Current liabilities			
Trade and other payables	16	**(214,655)**	(191,025)
		(214,655)	(191,025)
Net current assets		**914,608**	1,365,071
Net assets		**18,117,593**	18,516,856
Capital and reserves			
Issued ordinary share capital	8	**2,386,025**	2,386,025
Issued preference share capital	9	**858,783**	858,783
Share premium		**4,453,903**	4,453,903
Capital redemption reserve		**2,408,820**	2,408,820
Revaluation reserve		**1,923,762**	2,556,323
Capital reserve		**4,758,355**	4,025,262
Revenue reserve		**1,327,945**	1,827,740
Shareholders' funds		**18,117,593**	18,516,856

As permitted by section 408 of the Companies Act 2006, the Company has not presented its own Income Statement. The amount of the Company's return for the financial year dealt with in the financial statements of the Group is a profit after tax of £1,221,283 (2017: £1,155,152).

These financial statements were approved by the Board on 30 October 2018 and were signed on its behalf by:

I. R. Dighé
Chairman

Company Number: 4205

The notes on pages 41 to 63 form part of these financial statements.

CONSOLIDATED AND COMPANY CASH FLOW STATEMENTS
For the year ended 30 June 2018

	Group		Company	
	Year to 30 June 2018 £	Year to 30 June 2017 £	**Year to 30 June 2018 £**	Year to 30 June 2017 £
Cash flows from operating activities				
Cash received from investments	**920,760**	1,179,839	**914,479**	1,158,373
Interest received	**86**	312	**86**	312
Sundry income	**1,300**	2,520	**1,300**	2,520
Investment management fees paid	**(88,043)**	(160,694)	**(88,043)**	(160,694)
Cash paid to and on behalf of employees	**(14,000)**	(26,939)	**(14,000)**	(26,939)
Other cash payments	**(369,197)**	(328,439)	**(359,643)**	(317,701)
Net cash inflow from operating activities	**450,906**	666,599	**454,179**	655,871
Cash flows from financing activities				
Sale of Treasury shares	**–**	117,384	**–**	117,384
Dividends paid on ordinary shares	**(987,813)**	(987,813)	**(987,813)**	(987,813)
Net cash outflow from financing activities	**(987,813)**	(870,429)	**(987,813)**	(870,429)
Cash flows from investing activities				
Purchase of investments	**(5,655,702)**	(2,216,355)	**(5,655,702)**	(2,216,355)
Sale of investments	**5,771,848**	3,361,689	**5,771,848**	3,361,689
Purchase of derivative contracts	**–**	(339,853)	**–**	(339,853)
Loans from subsidiaries	**–**	–	**–**	151,780
Loans to subsidiaries	**–**	–	**(1,426)**	–
Net cash inflow from investing activities	**116,146**	805,481	**114,720**	957,261
Net (decrease)/increase in cash and cash equivalents	**(420,761)**	601,651	**(418,914)**	742,703
Reconciliation of net cash flow to movement in net cash				
(Decrease)/increase in cash	**(420,761)**	601,651	**(418,914)**	742,703
Exchange rate movements	**(3,050)**	734	**(3,050)**	734
(Decrease)/increase in net cash	**(423,811)**	602,385	**(421,964)**	743,437
Net cash at start of period	**1,267,244**	664,859	**1,265,397**	521,960
Net cash at end of period	**843,433**	1,267,244	**843,433**	1,265,397
Analysis of net cash				
Cash and bank balances	**843,433**	1,267,244	**843,433**	1,265,397
	843,433	1,267,244	**843,433**	1,265,397

The notes on pages 41 to 63 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
At 30 June 2018

1. Accounting policies

Basis of Preparation
The Company is a public limited company limited by shares and incorporated and registered in England and Wales. The Company has been approved as an investment trust within the meaning of section 1158/1159 of the Corporation Tax Act 2010.

The Group's consolidated financial statements for the year ended 30 June 2018, which comprise the audited results of the Company and its wholly owned subsidiaries, Abport Limited and New Centurion Trust Limited (together referred to as the "Group"), have been prepared in conformity with IFRS as adopted by the European Union, which comprise standards and interpretations approved by the International Accounting Standards Board ("IASB"), and as applied in accordance with the provision of the Companies Act 2006. The annual financial statements have also been prepared in accordance with the AIC Statement of Recommended Practice issued in November 2014 and updated in February 2018 with consequential amendments ("AIC SORP"), except to any extent where it is not consistent with the requirements of IFRS.

In order to better reflect the activities of an investment trust company and in accordance with guidance issued by the AIC, supplementary information which analyses the Income Statement between items of a revenue and capital nature have been prepared alongside the Income Statement.

The financial statements are presented in Sterling, which is the Group's functional currency as the UK is the primary environment in which it operates.

Going Concern
The financial statements have been prepared on a going concern basis, being a period of at least 12 months from the date that these financial statements were approved, and on the basis that approval as an investment trust company will continue to be met.

The Directors have made an assessment of the Group's ability to continue as a going concern and are satisfied that the Group has the resources to continue in business for the foreseeable future. Furthermore, the Directors are not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern, having taken into account the liquidity of the Group's investment portfolio and the Group's financial position in respect of its cash flows, borrowing facilities and investment commitments (of which there are none of significance). Therefore, the financial statements have been prepared on the going concern basis.

Basis of Consolidation
The subsidiaries are consolidated from the date of their acquisition, being the date on which control is obtained, and will continue to be consolidated until the date that such control ceases. Control comprises being exposed, or having rights, to variable returns through its power over the investee. The financial statements of the subsidiaries are prepared for the same reporting year as the parent Company, using consistent accounting policies. All inter-company balances and transactions, including unrealised profits arising from them are eliminated.

Segmental Reporting
The Directors are of the opinion that the Group is engaged in a single segment of business, being investment business. The Group primarily invests in companies listed in the UK.

1. Accounting policies *(continued)*

Accounting Developments

The accounting policies adopted are consistent with those of the previous financial year. The following accounting standards and their amendments were in issue at the period end but will not be in effect until after this financial year.

International Financial Reporting Standards		*Effective date**
IFRS 1	First-time Adoption of International Financial Reporting Standards (amendment)	1 January 2018
IFRS 3	Business Combinations (amendment)	1 January 2019
IFRS 9	Financial Instruments	1 January 2018
IFRS 11	Joint Arrangements (amendment)	1 January 2019
IFRS 15	Revenue from Contracts with Customers	1 January 2018
IFRS 16	Leases	1 January 2019
International Accounting Standards		
IAS 12	Income Taxes (amendment)	1 January 2019
IAS 23	Borrowing Costs (amendment)	1 January 2019
IAS 28	Investments in Associates and Joint Ventures (measuring an associate or joint venture at fair value)	1 January 2018
IAS 28	Investments in Associates and Joint Ventures (long term interests in associates or joint venture)	1 January 2019
IFRIC Interpretations		
IFRIC 23	Uncertainty over Income Tax Treatments	1 January 2019

*Years beginning on or after

The Directors are considering the impact of the standards upon the financial statements. With regards to IFRS 9, the Directors have determined that any assets currently disclosed as Investments held for sale will need to be reclassified to investments held at fair value through profit or loss. This will change the presentation of investments and the related allocation of income within the financial statements of the Group. There should be no impact on the returns of the Group.

The new impairment model will also apply to the Group's other financial assets including trade and other receivables and cash and cash equivalents. The Directors expect to apply the simplified approach to recognise lifetime expected credit losses for these current assets. The adoption of IFRS 9 for these assets is not expected by the Directors to have any material impact on the reported Net Asset Value, but there will be presentational differences.

There will be no change in the accounting for financial liabilities.

In summary, on adoption of IFRS 9 for the first period commencing 1 January 2018, the Directors consider that IFRS 9 will not have a material impact on the financial position or performance of the Group.

The Directors do not expect that the adoption of other standards listed above will have a material impact on the financial statements of the Group in future periods.

1. Accounting policies *(continued)*

Critical Accounting Judgments and Key Sources of Estimation Uncertainty

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts in the Balance Sheet, the Statement of Comprehensive Income and the disclosure of contingent assets and liabilities at the date of the financial statements. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources.

The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. These are reviewed on an ongoing basis. Actual results may differ from these estimates. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future period if the revision affects both current and future periods.

The major part of the investment portfolio is valued by reference to quoted prices. However a significant part of the portfolio comprises fixed interest stocks which are thinly traded; such stocks are best valued by reference to current market price lists provided by an independent broker, itself a recognised leader in such preference share and similar fixed interest stocks. The Company may overlay such prices with situation specific adjustments including (a) taking a second independent opinion on a specific stock, or (ii) reducing the value to a net present value, to reflect the likely time to be taken to realise a stock which the Company is actively looking to sell. The outturn is reflected in the valuations set out in Note 11 to the accounts.

There were no other significant accounting estimates or significant judgements in the current year.

Investments

The Group's business is investing in financial assets with a view to profiting from their total return in the form of income and capital growth. The portfolio of financial assets is managed and its performance evaluated on a fair value basis, in accordance with a documented investment strategy, and information about the portfolio is provided internally on that basis to the Group's Board of Directors.

Investments are measured initially, and at subsequent reporting dates, at fair value, and derecognised at trade date where a purchase or sale is under a contract whose terms require delivery within the time-frame of the relevant market. For listed investments this is deemed to be bid market prices or closing prices for Stock Exchange Electronic Trading Service – quotes and crosses ("SETSqx").

Changes in fair value of investments, realised gains and losses on disposal are also recognised in the Income Statement as capital items.

- All investments held that have been purchased by the Group since obtaining approval as an investment trust from 1 July 2013 are classified as at "fair value through profit or loss". Changes in fair value of investments are recognised in the Consolidated Income Statement as a capital item. On disposal, realised gains and losses are also recognised in the Consolidated Income Statement as capital items.
- Investments held at 30 June 2018 which were purchased prior to 1 July 2013 are classified as "assets available for sale". These investments have not been reclassified as at "fair value through profit or loss" in accordance with IAS 39 Financial Instruments: Recognition and Measurement. Realised gains and losses and movement in impairment provision on investments classified as "assets available for sale" are recognised in the Consolidated Income Statement and allocated to the Capital reserve. Movement in unrealised appreciation on investments classified as "assets available for sale" is recognised in the Revaluation reserve.

1. Accounting policies *(continued)*

- Investments held as current assets by the subsidiary undertaking are classified as 'held for trading', and are at fair value. Profits or losses on investments held for trading are taken to revenue in the Income Statement.
- The holdings of the investment in subsidiaries are stated at cost less diminution in value.

All investments for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy in note 11.

Derivative Financial Instruments
Derivatives, including Index Put options, which are listed investments are classified as financial instruments being assets or liabilities held for trading. They are initially recorded at cost (being the premium paid to purchase the option) and are subsequently valued at fair value at the close of business at the year-end and included in fixed assets or current assets/liabilities depending on their maturity date.

Changes in the fair value of derivative instruments are recognised as they arise in the capital column of the Income Statement.

Foreign Currency
Transactions denominated in foreign currencies are converted to Sterling at the actual exchange rate as at the date of the transaction. Items that are denominated in foreign currencies at the year end are reported at the rate of exchange at the Balance Sheet date. Any gain or loss arising from a change in exchange rate subsequent to the date of the transaction is included as an exchange gain or loss in the capital reserve or the revenue account depending on whether the gain or loss is of a capital or revenue nature.

Cash and Cash Equivalents
Cash comprises cash in hand, overdrafts and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

For the purpose of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts when applicable.

Trade Receivables, Trade Payables and Short-term Borrowings
Trade receivables, trade payables and short-term borrowings are measured at amortised cost.

Income
Dividends receivable on quoted equity shares are taken to revenue on an ex-dividend basis. Dividends receivable on equity shares where no ex-dividend date is quoted are brought into account when the Company's right to receive payment is established. Fixed returns on non-equity shares are recognised on a time-apportioned basis.

Dividends from overseas companies are shown gross of any non-recoverable withholding taxes which are described separately in the Income Statement.

Special dividends are taken to revenue or capital account depending on their nature. In deciding whether a dividend should be regarded as a capital or revenue receipt, the Board reviews all relevant information as to the reasons for the sources of the dividend on a case-by-case basis.

When the Company has elected to receive scrip dividends in the form of additional shares rather than in cash, the amount of the cash dividend forgone is recognised as income. Any excess in the value of the cash dividend is recognised in the capital column.

1. Accounting policies *(continued)*

Where, before recognition of dividend income is due, there is any reasonable doubt that a return will actually be received, for example as a consequence of the investee company lacking distributable reserves, the recognition of the return is deferred until the doubt is removed.

All other income is accounted for on a time-apportioned accruals basis using the effective interest rate method and is recognised in the Income Statement.

Expenses and Finance Costs

All expenses and finance costs are accounted for on an accruals basis.

Taxation

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amount for financial reporting purposes at the reporting date. Deferred tax assets are only recognised if it is considered more likely than not that there will be suitable profits from which the future reversal of timing differences can be deducted. In line with the recommendations of the AIC SORP, the allocation method used to calculate the tax relief on expenses charged to capital is the "marginal" basis. Under this basis, if taxable income is capable of being offset entirely by expenses charged through the revenue account, then no tax relief is transferred to the capital account.

No taxation liability arises on gains from sales of fixed asset investments by the Group by virtue of its investment trust status. However, the net revenue (excluding UK dividend income) accruing to the Group is liable to corporation tax at the prevailing rates.

Dividends Payable to Shareholders

Dividends to shareholders are recognised as a liability in the period in which they are paid or approved in general meetings and are taken to the Statement of Changes in Equity. Dividends declared and approved by the Company after the Balance Sheet date have not been recognised as a liability of the Company at the Balance Sheet date.

Share Capital

Issued share capital consists of Ordinary shares with voting rights and issued preference shares which are non-voting. The Issued preference shares, owned in their entirety by New Centurion Trust Limited, a wholly-owned subsidiary of the Company, are entitled to receive a cumulative dividend of 0.01p per share per annum, and are entitled to receive their nominal value, 50p, on a distribution of assets or a winding up.

Share Premium

The share premium account represents the accumulated premium paid for shares issued in previous periods above their normal value less issue expenses. This is a reserve forming part of non-distributable reserves. The following items are taken to this reserve:

- Costs associated with the issue of equity;
- Premium on the issue of shares.

Capital Redemption Reserve

The reserve represents the shares bought back and cancelled. This reserve is not distributable.

Revaluation Reserve

Movement in unrealised appreciation on investments classified as "assets available for sale" is recognised in the Revaluation reserve and is not distributable.

Capital Reserve

The following are taken to this reserve:

- Gains and losses on derivatives;
- Gains and losses on the disposal of investments;
- Net movement arising from changes in the fair value of investments held and classified as at "fair value through profit or loss";
- Exchange difference of a capital nature; and
- Expenses together with the related taxation effect, allocated to this reserve in accordance with the above policies.

Realised gains on investments less expenses, provisions and unrealised gains may be considered by the Board for distribution. This reserve is not distributable.

Revenue Reserves

The revenue reserve represents the surplus accumulated profits and is distributable.

2. Income

	Year ended 30 June 2018 £	Year ended 30 June 2017 £
Income from investments:		
UK dividends	**505,852**	536,956
Un-franked dividend income	**96,066**	230,447
UK fixed interest	**346,877**	407,272
	948,795	1,174,675
Other income:		
Bank deposit interest	**85**	312
Underwriting commission	**1,300**	2,520
Net dealing gains of subsidiaries	**6,093**	21,778
Total income	**956,273**	1,199,285

3. Investment Management Fee

	Year ended 30 June 2018 £	Year ended 30 June 2017 £
Investment Management Fee	**88,259**	160,723

The management fee payable monthly in arrears by the Company to the Investment Manager, Fiske plc is calculated at the rate of one-twelfth of 0.75% per calendar month of the NAV of the Company, capped at £90,000 for the first twelve months. For these purposes, the NAV shall be calculated as at the last business day of each month.

At 30 June 2018 an amount of £7,500 (2017: £7,284) was outstanding and due to the Investment Manager.

4. Other Expenses

	Year ended 30 June 2018 £	Year ended 30 June 2017 £
Administration and secretarial services	**121,229**	126,849
Auditors' remuneration for:		
– audit of the Group's financial statements	**33,950**	28,450
Directors' remuneration (see below)	**60,000**	60,000
Staff costs	**14,000**	14,000
Pension costs	**280**	(57,546)
Other expenses	**148,630**	107,876
	378,089	279,629

The audit of the Group's financial statements includes the cost of the audit of Abport Limited of £2,000 (2017: £1,950) and New Centurion Trust Limited £2,000 (2017: £1,950), which are charged to the subsidiaries.

	Year ended 30 June 2018 £	Year ended 30 June 2017 £
Directors' remuneration:		
Sir David Thomson	15,000	15,000
Peter Allen	15,000	15,000
Stephen Cockburn	15,000	15,000
Martin Perrin	15,000	15,000
	60,000	60,000

The average number of employees as at 30 June 2018 was one (2017: one) with the aggregate remuneration consisting of:

	Year ended 30 June 2018 £	Year ended 30 June 2017 £
Staff costs		
Wages and salaries	**14,000**	14,000
Social security costs	**1,579**	–
Total	**15,579**	14,000
Pension costs		
Pension payments	**280**	11,274
Pension provision release	–	(70,000)
Workplace pension costs	–	1,180
Total	**280**	(57,546)

The Company does not have a provision (2017: same) in respect of future pension payments. There are no pension liabilities due to past employees.

5. Taxation

	Year ended 30 June 2018			Year ended 30 June 2017		
	Revenue £	**Capital £**	**Total £**	Revenue £	Capital £	Total £
Overseas taxation suffered	**5,329**	**–**	**5,329**	–	–	–
Overseas taxation - reversal of priors year tax	**–**	**–**	**–**	(3,241)	–	(3,241)
	5,329	**–**	**5,329**	(3,241)	–	(3,241)

The current tax charge for the year is lower than the standard rate of corporation tax in the UK of 19% to 30 June 2018 and 19.75% to 30 June 2017. The differences are explained below:

	Year ended 30 June 2018			Year ended 30 June 2017		
	Revenue £	**Capital £**	**Total £**	Revenue £	Capital £	Total £
Return on ordinary activities	**489,925**	**741,056**	**1,230,981**	758,924	413,693	1,172,617
Theoretical tax at UK Corporation tax rate of 19% (2017: 19.75%)	**93,086**	**140,801**	**233,886**	149,887	81,704	231,591
Effects of:						
UK dividends that are not taxable	**(96,112)**	**–**	**(96,112)**	(106,049)	–	(106,049)
Overseas dividends that are not taxable	**(18,253)**	**–**	**(18,253)**	(45,513)	–	(45,513)
Non taxable investment gains	**–**	**(140,801)**	**(140,801)**	–	(81,704)	(81,704)
Overseas taxation suffered	**5,329**	**–**	**5,329**	–	–	-
Reversal priors year's tax	**–**	**–**	**–**	(3,241)	–	(3,241)
Unrelieved expenses	**21,279**	**–**	**21,279**	1,675	–	1,675
Actual current tax charged to the revenue account	**5,329**	**–**	**5,329**	(3,241)	–	(3,241)

Factors that may affect future tax charges

The Company has excess management expenses of £1,596,643 (2017: £1,484,651). It is unlikely that the Company will generate sufficient taxable income in the future to use these expenses to reduce future tax charges and therefore no deferred tax asset has been recognised.

Deferred tax is not provided on capital gains and losses arising on the revaluation or disposal of investments because the Company meets (and intends to continue for the foreseeable future to meet) the conditions for approval as an investment trust company under HMRC rules.

6. Return per Ordinary Share

	Year ended 30 June 2018			Year ended 30 June 2017		
	Revenue	**Capital**	**Total**	Revenue	Capital	Total
Return after taxation						
Return attributable to ordinary shareholders (£)	**484,596**	**741,056**	**1,225,652**	762,165	413,693	1,175,858
Weighted average number of ordinary shares in issue (excluding shares held in Treasury)			**4,772,049**			4,772,049
Return per ordinary share (pence)	**10.16p**	**15.53p**	**25.69p**	15.97p	8.67p	24.64p

6. Return per Ordinary Share *(continued)*

The return on total comprehensive income per ordinary share has been calculated to enable comparison of the returns per share shown in the annual reports of other investment trust companies. A reconciliation is shown below:

	Year ended 30 June 2018			Year ended 30 June 2017		
	Revenue	**Capital**	**Total**	Revenue	Capital	Total
Return on total comprehensive income						
Return attributable to ordinary shareholders (£)	**484,596**	**741,056**	**1,225,652**	762,165	413,693	1,175,858
Add other comprehensive income recognised in equity	**–**	**30,134**	**30,134**	–	575,730	575,730
Add other comprehensive income recognised in profit and loss	**–**	**(670,657)**	**(670,657)**	–	(18,637)	(18,637)
Return attributable to ordinary shareholders (£)	**484,596**	**100,533**	**585,129**	762,165	970,786	1,732,951
Weighted average number of ordinary shares in issue (excluding shares held in Treasury)			**4,772,049**			4,772,049
Return per ordinary share (pence)	**10.16p**	**2.11**	**12.27p**	15.97p	20.34p	36.31p

7. Dividends per Ordinary Share

	Year ended 30 June 2018 £	Year ended 30 June 2017 £
Declared and paid per Ordinary Share		
In respect of the prior period:		
Fourth interim dividend 5.70p (2017: 5.70p)	**272,007**	272,007
In respect of the year under review:		
First interim 5.00p (2017: 5.00p)	**238,602**	238,602
Second interim dividend 5.00p (2017: 5.00p)	**238,602**	238,602
Third interim dividend 5.00p (2017: 5.00p)	**238,602**	238,602
	987,813	987,813
Declared per Ordinary Share		
Dividend declared in respect of the year under review:		
Fourth interim dividend 5.70p (2017: 5.70p)	**272,007**	272,007

The Directors have declared a first interim dividend in respect of the year ending 30 June 2019 of 5.00p per ordinary share payable on 17 November 2018 to all shareholders on the register at close of business on 27 October 2018. The ex-dividend date was 26 October 2018.

8. Ordinary Share Capital

Issued, allotted and fully paid:	Group and Company 2018 Number	£	Group and Company 2017 Number	£
Ordinary shares of 50p each	**4,772,049**	2,386,025	**4,772,049**	2,386,025

The ordinary shares entitle the holders to receive all ordinary dividends and all remaining assets on a winding up, after the fixed rate preference shares have been satisfied in full.

The Company does not hold any ordinary shares in Treasury (2017: none).

9. Issued Preference Share Capital

	Group		Company	
	2018 £	2017 £	**2018 £**	2017 £
Issued preference share capital	**–**	–	**858,783**	858,783

The 1,717,565 fixed rate preference shares of 50p each are non-voting, entitled to receive a cumulative dividend of 0.01p per share per annum, and are entitled to receive their nominal value, 50p, on a distribution of assets or a winding up. The whole of the issue is held by New Centurion Trust Limited, a wholly owned subsidiary of the Company.

The Directors do not consider the fair values of the issued preference share capital to be significantly different from the carrying values.

10. Net Asset Value per Ordinary Share

The NAV per ordinary share is calculated as follows:

	2018 £	2017 £
Net assets	**17,334,093**	17,736,777
Ordinary shares in issue, excluding own shares held in Treasury	**4,772,049**	4,772,049
NAV per ordinary share	**363.24p**	371.68p

The underlying investments of the wholly owned subsidiary New Centurion Trust Limited comprise issued preference share capital, as discussed in note 9, in the Company and, being effectively eliminated on consolidation, the valuation thereof does not impact the NAV attributable to ordinary shareholders.

11. Investments

	Group		Company	
	2018 £	2017 £	**2018 £**	2017 £
Available for sale	**6,592,447**	8,588,507	**6,592,447**	8,588,507
At fair value through profit and loss	**9,747,882**	7,700,622	**9,747,882**	7,700,622
Total investments designated at fair value	**16,340,329**	16,289,129	**16,340,329**	16,289,129

11. Investments *(continued)*

Investments available for sale

	Group		Company	
	2018	2017	**2018**	2017
	£	£	**£**	£
Opening book cost	**6,562,916**	6,926,993	**6,618,535**	6,982,611
Opening net investment holding gains	**2,025,591**	1,129,103	**1,969,972**	1,073,485
Total investments designated as available for sale	**8,588,507**	8,056,096	**8,588,507**	8,056,096
Movements in the year:				
Purchases at cost	**–**	–	**–**	–
Sales - proceeds	**(1,923,800)**	(136,055)	**(1,923,800)**	(136,055)
– gains/(losses) on sales	**572,008**	(228,022)	**572,008**	(228,022)
(Decrease)/increase in investment holding gains	**(644,268)**	896,488	**(644,268)**	896,488
Closing valuation	**6,592,447**	8,588,507	**6,592,447**	8,588,507
Closing book cost	**5,211,124**	6,562,916	**5,266,743**	6,618,534
Closing net investment holding gains	**1,381,322**	2,025,591	**1,325,704**	1,969,973
	6,592,447	8,588,507	**6,592,447**	8,588,507

Analysis of changed in investment holding gains

Movement in impairment provision	**(3,745)**	339,395	**(11,707)**	329,741
Recognised in equity	**30,134**	575,730	**41,318**	585,384
Recognised in return after taxation	**(670,657)**	(18,637)	**(673,879)**	(18,637)
Losses on investments	**(644,268)**	896,488	**(644,268)**	896,488

Investments held at fair value through profit or loss

	Group		Company	
	2018	2017	**2018**	2017
	£	£	**£**	£
Opening book cost	**8,301,661**	9,973,717	**8,301,661**	9,973,717
Opening net investment holding losses	**(601,039)**	(1,619,768)	**(601,039)**	(1,619,768)
Total investments designated as available for sale	**7,700,622**	8,353,949	**7,700,622**	8,353,949
Movements in the year:				
Purchases at cost	**5,655,702**	1,877,185	**5,655,702**	1,877,185
Sales - proceeds	**(3,848,048)**	(3,117,937)	**(3,848,048)**	(3,117,937)
– losses on sales	**(492,823)**	(431,304)	**(492,823)**	(431,304)
Decrease in investment holding losses	**732,429**	1,018,729	**732,429**	1,018,729
Closing valuation	**9,747,882**	7,700,622	**9,747,882**	7,700,622
Closing book cost	**9,616,492**	8,301,661	**9,616,492**	8,301,661
Closing net investment holding gains/(losses)	**131,390**	(601,039)	**131,390**	(601,039)
	9,747,882	7,700,622	**9,747,882**	7,700,622

11. Investments *(continued)*

	Group Year ended		Company Year ended	
	2018	2017	**2018**	2017
	£	£	**£**	£
Transaction costs				
Costs on acquisitions	**28,265**	1,880	**28,265**	1,880
Costs on disposals	**8,020**	4,543	**8,020**	4,543
	36,285	6,423	**36,285**	6,423

	Group		Company	
	30 June 2018	30 June 2017	**30 June 2018**	30 June 2017
	£	£	**£**	£
Analysis of capital gains				
Gains/(losses) on sale of investments	**79,185**	(659,326)	**79,185**	(659,326)
Movement in investment holding gains	**88,161**	1,915,217	**88,161**	1,915,217
	167,346	1,255,891	**167,346**	1,255,891

Fair Value Hierarchy

The Group is required to classify fair value measurements using a fair value hierarchy that reflects the subjectivity of the inputs used in measuring the fair value of each asset. The fair value as the amount at which the asset could be sold or the liability transferred in an orderly transaction between market participants, at the measurement date, other than a forced or liquidation sale.

Categorisation within the hierarchy has been determined on the basis of the lowest level input that is significant to the fair value measurement of the relevant asset as follows:

Level 1 – valued using quoted prices, unadjusted in active markets for identical assets or liabilities.

Level 2 – valued by reference to valuation techniques using observable inputs for the asset or liability other than quoted prices included in level 1.

Level 3 – valued by reference to valuation techniques using inputs that are not based on observable market data or the asset or liability.

The table below sets out fair value measurements of financial instruments as at 30 June 2018, by the level in the fair value hierarchy into which the fair value measurement is categorised.

11. Investments *(continued)*

At 30 June 2018	**Level 1 £**	**Level 2 £**	**Level 3 £**	**Total £**
Financial assets at fair value through profit or loss				
Equities	**7,770,314**	**–**	**–**	**7,770,314**
Fixed Interest bearing securities	**471,448**	**–**	**1,506,120**	**1,977,568**
Derivative financial instruments	**–**	**–**	**–**	**–**
Financial assets available for sale				
Equities	**800,000**	**413,559**	**2,889,789**	**4,103,348**
Fixed Interest bearing securities	**2,061,228**	**–**	**427,871**	**2,489,099**
Current asset investments held by a trading subsidiary	**2,077**	**–**	**–**	**2,077**
	11,105,067	**413,559**	**4,823,780**	**16,342,406**

At 30 June 2017	**Level 1 £**	**Level 2 £**	**Level 3 £**	**Total £**
Financial assets at fair value through profit or loss				
Equities	6,036,337	–	–	6,036,337
Fixed Interest bearing securities	–	–	1,664,286	1,664,286
Derivative financial instruments	63,640	–	–	63,640
Financial assets available for sale				
Equities	1,184,018	415,248	3,127,681	4,726,947
Fixed Interest bearing securities	3,172,258	–	689,301	3,861,559
Current asset investments held by a trading subsidiary	2,176	89	–	2,265
	10,458,429	415,337	5,481,268	16,355,034

There were no transfers between level 1 and 2 during the current or prior year.

The valuation techniques used by the Group are set out in the Accounting Policies in Note 1.

Valuation process for Level 2 investments
The valuations are provided by an independent third party broker. The values are determined using observable inputs including prevailing interest rates, the maturity and redemption dates of the investment. The equity securities of the issuing company of the investments held are or have been publicly listed. The information includes reported results, commentary on current trading and, third party research.

Valuation process for Level 3 investments
Investments classified within Level 3 have significant unobservable inputs. Level 3 investments can typically include unlisted equity and corporate debt securities. As observable prices are not available for these securities, the Group has used valuation techniques to derive the fair value using recognised valuation methodologies, in accordance with International Private Equity and Venture Capital ("IPEVC" valuation Guidelines including discounted cash flow modelling where relevant.

11. Investments *(continued)*

The Level 3 investments held by the Company currently consist of fixed interest bearing securities and certain equity securities. These are valued by the Investment Manager with valuation confirmations provided to the Board on a regular basis. The equity securities of the issuing company of the Level 3 investments held have been formerly listed and, therefore, detailed public information is available to substantiate the future prospects of the issuing company. The fixed interest bearing securities anticipated future cash returns and cash-flows. This information includes reported results, commentary on current trading, and third party research.

The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Valuation techniques used include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity specific inputs.

Unobservable inputs are not provided by the Company but provided by a third party pricing vendor, these prices that are provided by the pricing vendor are not adjusted.

The Company does not have any other reasonably available information on this and relies on the third party vendor's knowledge and expertise.

The following stocks are valued at nil due to no source, 600 Group Warrants, Gable Holdings 7.35% Loan Note and Whitnash 6.5% 2nd Preference shares.

The following stock are delisted and subsequently valued at nil, Fairpoint Group and Gable Holdings.

Aggregated Micro Power Holdings 8% Convertible Bond is valued by using the quoted price on the Channel Islands securities exchange.

Intercede Group 8% Secured Convertible Loan notes are valued at par as no other information is available.

London County 3% Perpetual is valued by the Board on the understanding that the former London County Council will buy this stock at this price.

If the value of the level 2 and 3 investments were to increase or decrease by 10%, while all the other variables remained constant, the net assets and net profit available to shareholders would have increased/decreased by £523,734 (2017: £589,650).

11. Investments *(continued)*

The table below presents the movement in Level 3 investments that were accounted for at fair value for the year ending 30 June 2018.

Year ended 30 June 2018

Group	Financial assets at fair value through profit or loss £	Available for sale £	Total £
Opening balance	1,664,286	3,816,982	5,481,268
Movement in impairment provision on investments available for sale	–	(99,952)	(99,952)
Movement in unrealised appreciation on investments available for sale recognised in equity	–	(20,156)	(20,156)
Movement in unrealised appreciation on investments available for sale recognised in return after taxation	–	3,865	3,865
Purchases at cost	–	–	–
Movement in unrealised gains/(losses) on investments at fair value through profit or loss	(158,165)	–	(158,165)
Realised loss	–	16,930	16,930
Sales proceeds	–	(400,010)	(400,010)
Closing balance	1,506,121	3,317,659	4,823,780

Company	Financial assets at fair value through profit or loss £	Available for sale £	Total £
Opening balance	1,664,286	3,816,982	5,481,268
Movement in impairment provision on investments available for sale	–	(105,215)	(105,215)
Movement in unrealised appreciation on investments available for sale recognised in equity	–	(18,115)	(18,115)
Movement in unrealised appreciation on investments available for sale recognised in return after taxation	–	7,087	7,087
Purchases at cost	–	–	–
Movement in unrealised gains/(losses) on investments at fair value through profit or loss	(158,165)	–	(158,165)
Realised loss	–	16,930	16,930
Sales proceeds	–	(400,010)	(400,010)
Closing balance	1,506,121	3,317,659	4,823,780

11. Investments *(continued)*

Year ended 30 June 2017

Group	**Financial assets at fair value through profit or loss £**	**Available for sale £**	**Total £**
Opening balance	1,121,062	3,584,063	4,705,125
Movement in impairment provision on investments available for sale	–	379,611	379,611
Movement in unrealised appreciation on investments available for sale recognised in equity	–	140,645	140,645
Movement in unrealised appreciation on investments available for sale recognised in return after taxation	–	–	–
Purchases at cost	450,000	–	450,000
Movement in unrealised gains/(losses) on investments at fair value through profit or loss	402,989	–	402,989
Realised loss	–	(266,693)	(266,693)
Sales proceeds	(309,765)	(20,644)	(330,409)
Closing balance	**1,664,286**	**3,816,982**	**5,481,268**

Company	**Financial assets at fair value through profit or loss £**	**Available for sale £**	**Total £**
Opening balance	1,121,062	3,584,063	4,705,125
Movement in impairment provision on investments available for sale	–	365,057	365,057
Movement in unrealised appreciation on investments available for sale recognised in equity	–	155,199	155,199
Movement in unrealised appreciation on investments available for sale recognised in return after taxation	–	–	–
Purchases at cost	450,000	–	450,000
Movement in unrealised gains/(losses) on investments at fair value through profit or loss	402,989	–	402,989
Realised loss	–	(266,693)	(266,693)
Sales proceeds	(309,765)	(20,644)	(330,409)
Closing balance	**1,664,286**	**3,816,982**	**5,481,268**

During the year, two stocks were written down. Aggregated Power 8% conv loan notes 31/03/2021 was written down by £189,000, moving the market value from £714,000 to £525,000.

The valuation of Aggregated Micro Power 8% convertible loan note 30/03/2021 variable was previously carried at a level assuming the ultimate conversion of the loan note into the ordinary equity shares of the company. On review by the Investment Manager and directors it was decided that a more prudent basis for the carrying valuation should be the price quoted on the Channel Islands securities exchange. Should a conversion event take place in the future the notional uplift in value can be reviewed.

Liberty 6% Preference Shares was written down by £120,000, moving the market value from £123,000 to £3,000.

11. Investments *(continued)*
During the year there were two significant disposals:

Stock	Proceeds £	Cost £	Valuation @ 30.06.2017 £
Tate & Lyle 6.5% Preference	100,009	84,826	91,913
Rea Finance	300,000	298,254	297,000

12. Derivative Contracts
The derivative contracts serve as components of the Company's investment strategy and are utilised primarily to structure and hedge investments, to enhance performance and reduce risk to the Group (the Company does not designate any derivative as a hedging instrument for hedge accounting purposes). The derivative contracts that the Company may hold from time to time or issue include: index-linked notes, contracts for differences, covered options and other equity-related derivative instruments.

These instruments can involve a high degree of leverage and are very volatile. A relatively small movement in the underlying value of a derivative contract may have a significant impact on the profit and loss and net assets of the Group. The Company's investment objective sets limits on investments in derivatives with a high risk profile. The Investment Manager is instructed to closely monitor the Company's exposure under derivative contracts and any use of the derivatives for investment purposes will be made on the basis of the same principles of risk spreading and diversification that apply to the Company's direct investments. The Company will not enter into uncovered short positions.

As at 30 June 2018, the Group had no positions in the following type of derivative:

Options
Options are contractual agreements that convey the right, but not the obligation, for the purchaser either to buy or sell a specific amount of a financial instrument at a fixed price, either at a fixed future date or at any time within a specified period.

The Company purchases either Put or Call options through regulated exchanges and OTC markets. Options purchased by the Company provide the Company with the opportunity to purchase (Call options) or sell (Put options) the underlying asset at an agreed-upon value either on or before the expiration of the option. The Company is exposed to credit risk on purchased options only to the extent of their carrying value, which is their fair value.

12. Derivative Contracts *(continued)*

During the year, the FTSE 100 March 2018 6,000 Put option expired.

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Movements in the period:				
Opening valuation	**63,640**	–	**63,640**	–
Purchases at cost	–	339,853	–	339,853
Sales proceeds	–	–	–	–
Losses on sales	**(339,853)**	–	**(339,853)**	–
Movements in unrealised loss	**276,213**	(276,213)	**276,213**	(276,213)
Closing valuation	–	63,640	–	63,640
Closing bookcost	–	339,853	–	339,853
Closing unrealised loss	–	(276,213)	–	(276,213)
	–	63,640	–	63,640

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Analysis of capital gains				
Losses on sale of investments	**(339,853)**	–	**(339,853)**	–
Movement in investment holding losses	**276,213**	(276,213)	**276,213**	(276,213)
	(63,640)	(276,213)	**(63,640)**	(276,213)

13. Investment in Subsidiaries

	Company 2018 £	Company 2017 £
At cost	**5,410,552**	5,410,552
Provision for diminution in value	**(4,547,896)**	(4,547,896)
At cost	**862,656**	862,656

At 30 June 2018, the Company held interests in the following subsidiary companies:

	Country of Incorporation	% share of capital held	% share of voting rights	Nature of business
Abport Limited	England	100%	100%	Investment dealing company
New Centurion Trust Limited	England	100%	100%	Investment holding company

The registered office for both companies above is:

Springfield Lodge, Colchester Road, Chelmsford, Essex CM2 5PW

14. Substantial Share Interests

The Company has notified interests in 3% or more of the voting rights of the following companies:

Company	**% share of voting rights**
Associated British Engineering	4.88
Coral Products	3.03

15. Trade and Other Receivables

	Group		**Company**	
	2018 £	2017 £	**2018 £**	2017 £
Amounts due from subsidiaries	**–**	–	**20,489**	15,759
Accrued income	**15,998**	79,158	**15,998**	79,158
Due from brokers	**–**	–	**–**	–
Dividends receivable	**215,804**	118,329	**215,804**	118,329
Taxation recoverable	**3,182**	6,284	**3,182**	6,284
Other receivables	**30,357**	7,529	**30,357**	7,529
	265,341	211,300	**285,830**	227,059

The carrying amount of trade receivables approximates to their fair value. Trade and other receivables are not past due at 30 June 2018.

16. Trade and Other Payables

	Group		**Company**	
	2018 £	2017 £	**2018 £**	2017 £
Preference dividends payable to the Company's wholly owned subsidiary	**–**	–	**861**	689
Amount due to subsidiaries	**–**	–	**101,533**	98,228
Due to brokers	**–**	–	**–**	–
Investment management fees	**7,500**	7,284	**7,500**	7,284
Other trade payables and accruals	**109,587**	89,517	**104,761**	84,824
	117,087	96,801	**214,655**	191,025

17. Analysis of Financial Assets and Liabilities

Investment Objective and Policy

The Group's investment objective is to provide shareholders with an attractive level of dividends coupled with capital growth over the long-term. The investing activities in pursuit of its investment objective involve certain inherent risks. The Group's financial instruments can comprise the following held in accordance with the Company's investment objectives and policies:

- Shares and debt securities;
- Derivative instruments for efficient portfolio management, gearing and investment purposes;
- Current asset investments held by its subsidiary;
- Cash, liquid resources and short-term debtors and creditors that arise from its operations; and
- Conversion rights or equity warrants.

17. Analysis of Financial Assets and Liabilities *(continued)*

Any use of derivatives for investment purposes will be made on the basis of the same principles of risk spreading and diversification that apply to the Company's direct investments, as described below.

Risks

The risks identified arising from the Group's financial instruments are market risk (which comprises market price risk and interest rate risk, liquidity risk and credit and counterparty risk). The Group may enter into derivative contracts to manage risk. The FTSE 100 March 2018 put option held at the beginning of the year expired on 16 March 2018. The Board reviews and agrees policies for managing each of these risks, which are summarised below.

Market Risk

Market risk arises mainly from uncertainty about future prices of financial instruments used in the Group's business. It represents the potential loss the Group might suffer through holding market positions by way of price movements, interest rate movements and exchange rate movements. The Group assesses the exposure to market risk when making each investment decision and these risks are monitored by the Investment Manager on a regular basis and the Board at quarterly meetings with the Investment Manager.

Market price risk

Market price risk (i.e. changes in market prices other than those arising from currency risk or interest rate risk) may affect the value of investments.

The Board manages the risks inherent in the investment portfolio by ensuring full and timely reporting of relevant information from the Investment Manager. Investment performance and exposure are reviewed at each Board meeting.

The Group's exposure to changes in market values was £16,340,329 (2017: £16,355,034). The direct impact of a 5% movement in the value of the portfolio investments and current asset investments amounts to £817,016 (2017: £817,752). An equal change in the opposite direction would have decreased the net assets and net profit available to shareholders by an equal and opposite amount. The analysis is based on closing balances only and is not representative of the year as a whole. The market value of the option may move in a different direction to Securities.

	2018 **£**	2017 £
Securities available for sale	**6,592,447**	8,590,772
Securities at fair value through profit and loss	**9,747,882**	7,700,622
Derivative financial instruments	**–**	63,640
Total investment	**16,340,329**	16,355,034

	2018 **£**	2017 £
Securities available for sale	**329,622**	429,539
Securities at fair value through profit and loss	**487,394**	385,031
Derivative financial instruments	**–**	3,182
Effect on post-tax profit for the year and on equity	**817,016**	817,752

17. Analysis of Financial Assets and Liabilities *(continued)*

Interest Rate Risk

Interest rate movements may affect the level of income receivable on cash deposits. The Group's financial assets and liabilities, excluding short-term debtors and creditors, may include investment in fixed interest securities, such as UK corporate debt stock, whose fair value may be affected by movements in interest rates. The majority of the Group's financial assets and liabilities, however, are non-interest bearing. As a result, the Group's financial assets and liabilities are not subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates.

The possible effects on the fair value and cash flows that could arise as a result of changes in interest rates are taken into account when making investment decisions. The Board imposes borrowing limits to ensure gearing levels are appropriate to market conditions.

	Cash flow interest rate risk 2018 £	**No interest rate risk 2018 £**	**Total 2018 £**	Cash flow interest rate risk 2017 £	No interest rate risk 2017 £	Total 2017 £
Investments available for sale	**2,489,099**	**4,103,348**	**6,592,447**	3,861,559	4,726,948	8,588,507
Investments at fair value through profit and loss	**1,506,120**	**8,241,762**	**9,747,882**	1,664,286	6,036,336	7,700,622
Investment in Subsidiary	**–**	**2,077**	**2,077**	–	2,265	2,265
Derivative financial investments	**–**	**–**	**–**	–	63,640	63,640
Other receivables*	**–**	**234,984**	**234,984**	–	203,771	203,771
Cash at bank	**843,433**	**–**	**843,433**	1,267,244	–	1,267,244
Current liabilities	**–**	**(117,087)**	**(117,087)**	–	(96,801)	(96,801)
	4,838,652	**12,465,084**	**17,303,736**	6,793,089	10,936,159	17,729,248

* The above table doesn't include prepayments of £30,357 (2017: £7,529).

Interest rate movements may affect the level of income receivable on cash deposits and fixed interest bearing securities. The impact of a 1% movement in interest rates would move net assets and net profit available to shareholders by the following amounts:

	2018 £	2017 £
Fixed interest bearing securities	**3,469**	4,073
Bank interest	**1**	3

Liquidity Risk

The Group's assets mainly comprise readily realisable quoted and unquoted securities that can be sold to meet funding commitments if necessary. Short-term flexibility is achieved through the ability to liquidate listed securities.

The Group's liquidity risk is managed by the Investment Manager in accordance with established policies and procedures in place. Cash flow forecasting is performed in the operating entities of the Group and aggregated by the Investment Manager. The Investment Manager monitors the rolling forecasts of the group's liquidity requirements to ensure it has sufficient cash to meet obligations as they fall due.

The maturity profile of the Group's financial liabilities £117,087 (2017: £96,801) are all due in one year or less.

NOTES TO THE FINANCIAL STATEMENTS *continued*

At 30 June 2018

17. Analysis of Financial Assets and Liabilities *(continued)*

Credit and Counterparty Risk

Credit risk is the risk of financial loss to the Group if the contractual party to a financial instrument fails to meet its contractual obligations.

The maximum exposure to credit risk as at 30 June 2018 was £1,110,851 (2016: £1,544,449). The calculation is based on the Group's credit risk exposure as at 30 June 2018 and this may not be representative for the whole year.

The Group's quoted investments are held on its behalf by Bank of New York Mellon acting as the Group's custodian. Bankruptcy or insolvency of the custodian may cause the Group's rights with respect to securities held by the custodian to be delayed.

Where the Investment Manager makes an investment in a bond, corporate or otherwise, the credit rating of the issuer is taken into account so as to minimise the risk to the Group of default.

Investment transactions are carried out with a number of brokers where creditworthiness is reviewed by the Investment Manager.

Cash is only held at banks that have been identified by the Board as reputable and of high credit quality.

Foreign Currency Risk

Although the Company's performance is measured in sterling, a proportion of the Company's assets may be either denominated in other currencies, investments with currency exposure or the trading activities of its investee companies.

At 30 June, the Group held £1,502 (2017: £1,340) of investments held for sale denominated in Australian Dollars. This is not material to the fund.

Derivatives

The Investment Manager may use derivative instruments in order to "hedge" the market risk of part of the portfolio. The Investment Manager reviews the risks associated with individual investments and, where they believe it appropriate, may use derivatives to mitigate the risk of adverse market (or currency) movements. The Investment Manager discusses regularly the hedging strategy with the Board.

At the year end, there were no derivative contracts open (2017: one).

Capital Management Policies

Capital is managed so as to maximise the return to shareholders while maintaining a capital base to allow the Group to operate effectively. Capital is managed on a consolidated basis and to ensure that it will be able to continue as a going concern.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell securities to reduce debt.

The Board, with the assistance of the Investment Manager, monitors and reviews the capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non-current borrowings' as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as "equity" as shown in the consolidated balance sheet plus net debt. The gearing ratios at 30 June 2018 and 2017 were as follows:

17. Analysis of Financial Assets and Liabilities *(continued)*

	2018 **£**	2017 £
Cash and bank balances	**843,433**	1,267,244
Net cash	**843,433**	1,267,244
Ordinary shareholders' funds	**17,568,224**	17,736,777
Gearing (net debt/ordinary shareholders' funds)	**nil**	nil

18. Transactions with the Investment Manager and Related Parties

The amounts paid to the Investment Manager, together with details of the Investment Management Agreement, are disclosed in note 3. Investment Management fees for the year amounted to £88,259 (2017: £160,723).

During the year Miton ceased to be the Investment Manager as of the 1 April 2018. The fees paid to Miton during the year were £65,759.

On the 1 April 2018 Fiske plc took over responsibility as Investment Manager. The fees paid to Fiske during the year were £22,500. As at the year end, the following amounts were outstanding in respect of management fees: £7,500 (2017: £7,284).

The Board consists of three non-executive Directors all of whom, with the exception of Mr Perrin who is a non-executive Director of the Investment Manager, are considered to be independent by the Board. For the year ended 30 June 2018 all Directors including, the Chairman, received an annual fee of £15,000.

At the year end, there were no outstanding fees payable to Directors (2017: nil).

Expenses outstanding to Directors at the year end consists of £nil (2017: £1,957). No interest is charged on the balance and consists of reimbursement of expenses incurred.

There were no other identifiable related parties at the year end.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 152nd Annual General Meeting of the Company will be held at the offices of Stephenson Harwood LLP, 1 Finsbury Circus, London EC2M 7SH on 29 November 2018 at 11.30am to consider and, if thought fit, pass the following resolutions, of which numbers 1 to 9 and 13 will be proposed as ordinary resolutions and numbers 10 to 12 as special resolutions.

Ordinary Business

Resolution 1 – Ordinary Resolution
To receive and adopt the Strategic Report, Reports of the Directors' and Auditor and the audited financial statements for the year ended 30 June 2018.

Resolution 2 – Ordinary Resolution
To receive and approve the Directors' Remuneration Report for the year ended 30 June 2018.

Resolution 3 – Ordinary Resolution
To elect I. R. Dighé as a Director of the Company

Resolution 4 – Ordinary Resolution
To elect T. M. Metcalfe as a Director of the Company.

Resolution 5 – Ordinary Resolution
To re-elect M. H. W. Perrin as a Director of the Company.

Resolution 6 – Ordinary Resolution
To appoint PKF Littlejohn LLP as Auditor of the Company to hold office from the conclusion of this meeting until the conclusion of the next meeting at which financial statements are laid before the Company.

Resolution 7 – Ordinary Resolution
To authorise the Directors to determine the remuneration of the Auditor.

Resolution 8 – Ordinary Resolution
To approve the Company's dividend payment policy as set out on page 9 of the Annual Report and Accounts for the year ended 30 June 2018.

Resolution 9 – Ordinary Resolution
THAT, in substitution for any existing authorities, the Directors be and are hereby generally and unconditionally authorised in accordance with Section 551 of the Companies Act 2006 ("the Act") to exercise all the powers of the Company to allot ordinary shares of 50 pence each in the capital of the Company ("ordinary shares") up to an aggregate nominal amount of £238,602 (being 10% of the issued ordinary share capital of the Company at the date of this Notice, during the period commencing on the date of the passing of this Resolution and expiring at the conclusion of the Annual General Meeting of the Company to be held in 2018 (unless previously renewed, varied or revoked by the Company in general meeting) (the "Section 551 period"), but so that the Company may, at any time prior to the expiry of the Section 551 period, make offers or agreements which would or might require ordinary shares to be allotted after the expiry of the Section 551 period and the Directors may allot ordinary shares in pursuance of such offers or agreements as if the authority had not expired.

Resolution 10 – Special Resolution

THAT, in substitution for any existing authorities, subject to the passing of Resolution 11, the Directors be and they are hereby empowered, in accordance with Sections 570 and 573 of the Act, to allot ordinary shares for cash pursuant to the authority conferred on the Directors by Resolution 11 above, and to sell ordinary shares from Treasury for cash as if Section 561(1) of the Act did not apply to any such allotment or sale, up to an aggregate nominal amount of £119,301 (being 5% of the issued ordinary share capital of the Company at the date of this Notice, such power to expire at the conclusion of the Annual General Meeting of the Company to be held in 2018 (unless previously renewed, varied or revoked by the Company in general meeting) save that the Company may, at any time prior to the expiry of such power, make an offer or enter into an agreement which would or might require ordinary shares to be allotted or sold after the expiry of such power and the Directors may allot or sell ordinary shares in pursuance of such an offer or agreement as if such power had not expired.

Resolution 11 – Special Resolution

THAT, the Company is hereby generally and unconditionally authorised in accordance with Section 701 of the Act to make market purchases (within the meaning of Section 693(4) of the Act) of ordinary shares of 50p each in the capital of the Company ("ordinary shares") provided that:

a) the maximum number of ordinary shares hereby authorised to be purchased is 715,330 (representing 14.99% of the ordinary shares in issue, excluding shares held in Treasury at the date of this Notice);

b) the minimum price which may be paid for each ordinary share is 50p;

c) the maximum price which may be paid for each Ordinary Share shall not be more than the higher of: (i) an amount equal to 105% of the average of the middle market quotations of ordinary shares taken from the Daily Official List of the London Stock Exchange for the five business days immediately preceding the day on which the contract of purchase is made; and (ii) the higher of the price of the last independent trade in the ordinary shares and the highest then current independent bid for the ordinary shares on the London Stock Exchange;

d) this authority will (unless previously renewed, varied or revoked by the Company in general meeting) expire at the conclusion of the Annual General Meeting of the Company to be held in 2018;

e) the Company may make a contract of purchase for ordinary shares under this authority before this authority expires which will or may be executed wholly or partly after its expiration; and

f) any ordinary shares bought back under the authority hereby granted may, at the discretion of the Directors, be cancelled or held in Treasury and if held in Treasury may be resold from Treasury or cancelled at the discretion of the Directors.

Resolution 12 – Special Resolution

THAT, a General Meeting other than an Annual General Meeting may be called on not less than 14 clear days' notice.

Special Business

Resolution 13 – Ordinary Resolution

THAT, The Company shall continue in existence as a closed-ended investment trust in accordance with the Articles of Association.

By order of the Board
Maitland Administration Services Limited
Springfield Lodge, Colchester Road, Chelmsford CM2 5PW

30 October 2018

NOTICE OF ANNUAL GENERAL MEETING *continued*

NOTES

Right to appoint a proxy

1. A member entitled to attend and vote at this meeting may appoint one or more persons as his/her proxy to attend, speak and vote on his/her behalf at the meeting. A proxy does not need to be a member of the Company. A member may appoint more than one proxy in relation to a meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member.

2. A proxy form which may be used to make such appointment and give proxy directions accompanies this notice. If you do not receive a proxy form and believe that you should have one, or if you require additional proxy forms in order to appoint more than one proxy, please contact the Registrar on 0371 384 2030 or, if dialing internationally, on +44 (0) 121 415 7047. The helpline is open Monday to Friday 8.30am to 5.30pm, excluding public holidays in England and Wales.

Procedure for appointing a proxy

3. To be valid, the proxy form, together with any power of attorney or other authority under which it is signed or a notarially certified copy thereof, should be lodged at the office of the Company's Registrar, Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA and must be received by post or (during normal business hours only) by hand at Equiniti Limited, Aspect House, Spencer Road, Lancing West Sussex no later than 48 hours (excluding non-working days) before the time of the meeting or any adjournment thereof.

4. The return of a completed proxy form will not preclude a member from attending the Annual General Meeting and voting in person if he or she wishes to do so.The termination of the authority of a person to act as proxy must be notified to the Company in writing.

Nominated persons

5. Any person to whom this notice is sent who is a person nominated under Section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may, under an agreement between him/her and the member by whom he or she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Annual General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the member as to the exercise of voting rights.

6. The statement of the rights of members in relation to the appointment of proxies in notes 1 and 3 above does not apply to Nominated Persons. The rights described in those notes can only be exercised by members of the Company.

Record date and entitlement to vote

7. To be entitled to attend and vote at the Annual General Meeting (and for the purpose of the determination by the Company of the votes they may cast), members must be entered on the Company's register of members at close of business on 27 November 2018 (or, in the event of any adjournment, 48 hours before the time of the adjourned meeting). Changes to the register of members after the relevant deadline will be disregarded in determining the right of any person to attend and vote at the meeting. Only holders of ordinary shares are entitled to attend and vote at the Annual General Meeting.

8. As at 30 October 2018 (the business day prior to the publication of this notice), the Company's issued share capital amounted to 4,772,049 ordinary shares carrying one vote each. The total voting rights in the Company as at 27 November 2018 were 4,772,049 votes.

Members' rights

9. In accordance with Section 319A of the Companies Act 2006, the Company must cause any question relating to the business being dealt with at the meeting put by a member attending the meeting to be answered. No such answer need be given if:

   a) to do so would:

      (i) interfere unduly with the preparation for the meeting, or

      (ii) involve the disclosure of confidential information;

   b) the answer has already been given on a website in the form of an answer to a question; or

   c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

10. A corporation which is a member can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a member provided that no more than one corporate representative exercises powers over the same share.

11. Members should note that it is possible that, pursuant to requests made by members of the Company under Section 527 of the Companies Act 2006, the Company may be required to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the Annual General Meeting; or (ii) any circumstances connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with Section 437 of the Companies Act 2006.The Company may not require the members requesting any such website publication to pay its expenses in complying with Sections 527 or 528 of the Companies Act 2006.Where the Company is required to place a statement on a website under Section 527 of the Companies Act 2006, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the Annual General Meeting includes any statement that the Company has been required under Section 527 of the Companies Act 2006 to publish on a website.

12. Members satisfying the thresholds in Section 338 of the Companies Act 2006 may require the Company to give, to members of the Company entitled to receive notice of the Annual General Meeting, notice of a resolution which those members intend to move (and which may properly be moved) at the Annual General Meeting. A resolution may properly be moved at the Annual General Meeting unless: (i) it would, if passed, be ineffective (whether by reason of any inconsistency with any enactment or the Company's constitution or otherwise); (ii) it is defamatory of any person; or (iii) it is frivolous or vexatious. A request made pursuant to this right may be in hard copy or electronic form, must identify the resolution of which notice is to be given, must be authenticated by the person(s) making it and must be received by the Company not later than six weeks before the date of the Annual General Meeting.

13. Members satisfying the thresholds in Section 338A of the Companies Act 2006 may request the Company to include in the business to be dealt with at the Annual General Meeting any matter (other than a proposed resolution) which may properly be included in the business at the Annual General Meeting. A matter may properly be included in the business at the Annual General Meeting unless (i) it is defamatory of any person or (ii) it is frivolous or vexatious. A request made pursuant to this right may be in hard copy or electronic form, must identify grounds for the request, must be authenticated by the person(s) making it and must be received by the Company not later than six weeks before the date of the Annual General Meeting.

Documents

14. The Annual Report incorporating this Notice of Annual General Meeting and, if applicable, any members' statements, members' resolutions or members' matters of business received by the Company after the dates of this Notice will be available on the Company's website, www.maitlandgroup.com.

15. None of the Directors has a contract of service with the Company. A copy of the letters of appointment of the Directors will be available for inspection at the registered office of the Company during usual business hours on any weekday (except weekends and public holidays) until the date of the meeting and at the place of the meeting for a period of fifteen minutes prior to and during the meeting.

Registered in England and Wales No. 4205

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