British & American Investment Trust PLC

Annual Financial Report
for the year ended 31 December 2022

Registered number: 00433137

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Directors	Registered office
David G Seligman (Chairman)	Wessex House
Jonathan C Woolf (Managing Director)	1 Chesham Street
Dominic G Dreyfus (Non-executive and Chairman of the Audit Committee until 7 February 2022)	Telephone: 020 7201 3100
Alex Tamlyn (Non-executive, acting Chairman of the Audit Committee until 31 May 2022)	Registered in England
Julia Le Blan (Non-executive and Chair of the Audit Committee from 1 June 2022)	No.00433137
	27 April 2023

This is the Annual Financial Report as required to be published under DTR 4 of the UKLA Listing Rules.

Financial Highlights

For the year ended 31 December 2022

	2022 Â			2021 Â		
	Revenue return	Capital return	Total	Revenue return	Capital return	Total
	Â£000	Â£000	Â£000	Â£000	Â£000	Â£000
Profit/(loss) before tax realised	658	(277)	381	978	(810)	168
Profit before tax unrealised		579	579		1,028	1,028
Profit before tax total	658	302	960	978	218	1,196
Earnings per Â£1 ordinary share basic and diluted	1.30p	1.21p	2.51p	2.66p	0.87p	3.53p
Net assets			7,091			6,727
Net assets per ordinary share						
Â deducting preference shares Â Â Â at fully diluted net asset value*			20p			19p
Â diluted			20p			19p
Diluted net asset value per ordinary share at 21 April			22p			

2023

Dividends declared or proposed for the period:		
per ordinary share		
interim paid	1.75p	3.5p
final proposed	0.0p	0.0p
per preference share	1.75p	3.5p

*Basic net assets are calculated using a value of fully diluted net asset value for the preference shares.

Chairman s Statement

I report our results for the year ended 31 December 2022.Â

Revenue

The return on the revenue account before tax amounted to Â£0.7 million (2021: Â£1.0 million), a lower level than in the previous year due to a lower level of dividends received from external investments.Â A slightly higher level of dividend income was received from our subsidiary companies derived from gains realised on our principal US investments for subsequent distribution as dividends.

Gross revenues totalled Â£1.2 million (2021: Â£1.4 million). In addition, film income of Â£107,000 (2021: Â£171,000) and property unit trust income of Â£1,000 (2021: Â£2,000) was received in our subsidiary companies. This reduction in property income reflected the sale of one of our investments during the year. In accordance with IFRS10, these income streams are not included within the revenue figures noted above because consolidated financial statements are not prepared.

The total return before tax amounted to a profit of Â£1.0 million (2021: Â£1.2 million profit), which comprised net revenue of Â£0.7 million, a realised loss of Â£0.3 million and an unrealised gain of Â£0.6 million. The revenue return per ordinary share was 1.3p (2021: 2.7p) on an undiluted basis.

Net Assets and Performance

Net assets at the year end were Â£7.1 million (2021: Â£6.7 million), an increase of 5.4 percent after payment of Â£0.6 million in dividends to shareholders during the year. This compares to an increase in the FTSE 100 index of 0.9 percent and to a decrease in the UK All Share index of 3.2 percent over the period. On a total return basis, after adding back dividends paid during the year, our net assets increased by 14.5 percent compared to increases of 4.7 percent and 0.3 percent in the FTSE 100 and UK All Share indices, respectively.

In this transitional year reflecting the end of the Covid pandemic disruption and the initiation of interest rate rise programmes by many central banks, we significantly out-performed these benchmarks both on a portfolio and a total return basis while also returning cash via dividends to shareholders at well above market yields. This was made possible by a significant gain in the value of our largest US investment (Geron Corporation) particularly in the mid part of the year in anticipation of important clinical trial results in the early weeks of 2023. Geron s share price increased by 140 percent over this four month period and by 100 percent over the year as a whole in US dollar terms. In sterling terms, this overall increase was over 120 percent due to the strength of the US dollar in 2022. This out-performance for the year was despite a retrenchment of over 40 percent in the value of our other large US investment, Lineage Cell Therapeutics Inc following gains of 100 percent in that stock over the previous two years.

More generally, equity markets in the USA and UK saw an overall declining trend from the higher levels of the previous year which had reflected the significant bounce-back in markets after the initial shock of the Covid pandemic. The developing realisation that the extended era of ultra low interest rates was coming to an end and that a period of steadily and possibly aggressive interest rates rises was in prospect to challenge strong inflationary pressures weighed on the markets which traded in a narrow but declining trend over the year. The US Federal Reserve, having been in the forefront of these interest rate moves, gave rise to the substantial strength seen in the US dollar over the year.

With significantly higher levels of interest rates now operating throughout the developed world and prices having risen at their highest rates for a generation, economic growth in 2022 has been subdued globally and is not expected to resume for some time, although the fears of recession, particularly in the UK and other European countries might not in the event materialise.

The second major influence in 2022 on global economic activity which substantially affected equity markets was the war in Ukraine resulting from Russia s unprovoked invasion of that country in February last year. This caused severe disruption to international trade, energy prices and supply, geopolitical relations and global security with the up-ending of the post-1945 international rules based system and undisguised nuclear threats by Russia.

The unprecedented economical, developmental and social effects of the war have impacted not only of course Ukraine but all European and many other countries throughout the World and indeed ultimately and strategically Russia itself. The introduction of a comprehensive and hard-hitting sanctions regime on Russia has resulted in a major re-ordering of international financial systems and flows, the re-calibration of global energy markets and a re-examination of military and strategic planning not seen since the end of the Cold War over 30 years ago.

Dividend

In 2022, dividends of 1.75 pence per ordinary share and 1.75 pence per preference share were paid as an interim payment during the year. This represented a decrease of 50 percent for ordinary shareholders over the previous year and a yield of approximately 9 percent on the ordinary share price averaged over a period of 12 months.

It is our intention to pay an interim dividend this year as close as possible in amount and on a similar timetable to the dividend paid in 2021, as and when the profitable sales of investments permit.Â The position regarding these investments is set out in more detail in the Managing Director s report below.

Recent events and outlook

A resolution to the unnecessary and bloody conflict in Ukraine is still not in sight and the damage to the combatants and the World in general continues. Against this background, we enter a more dangerous phase as Western and allied democracies are forced to realign and confront those increasingly assertive and in some cases nuclear-armed authoritarian nations which are seeking to challenge a perceived to be weakening West.Â There can be no doubt that this new era of insecurity and uncertainty now being played out on the global stage can have no long term benefits to us or our planet as the risks of global conflict increase and the implementation of the important and hard-won provisions of the Global Climate Change Agreements (COP) to protect against the long-term and damaging effects of global warming are delayed or rolled back.

All this inevitably introduces a great deal of uncertainty into financial markets in both the short and medium terms which make the making of long-term investment decisions particularly difficult. Consequently, we will continue to limit our activities and major focus to our US biopharma investments which do not tend to track general market movements and which we believe hold significant investment promise as they progress ever closer towards commercialisation of their ground-breaking and valuable technologies.

As at 21 April 2023, our net assets had increased to Â£7.7 million, an increase of 8.6 percent since the beginning of the calendar year. This is equivalent to 22.0 pence per share (prior charges deducted at fully diluted value) and 22.0 pence per share on a diluted basis. Over the same period the FTSE 100 increased 6.2 percent and the All Share Index increased 5.5 percent.

David Seligman

27 April 2023

Managing Director's report

In the aftermath of the lengthy Covid pandemic and with the vicious and globally disruptive war in Ukraine now continuing into a second year, the past 12 months have been characterised by a great deal of uncertainty, flux and points of pivot in many of the major constituents of global financial and investment markets.Â

Starting with interest rates, which are always the prime driver of movements in markets, levels of economic growth in major world economies, equity and bond markets, foreign exchange parities, inflation, cost of living, energy prices and supply, geopolitics and even bank confidence have exhibited large swings and disruption over the period, finding it extremely difficult to return to the trends and greater certainties of the pre-Covid era.

At the interim stage last year, we focused comment on the interest rate programmes being introduced by central banks, increasing rates from their multi-year lows to confront the rapidly rising levels of inflation.Â These inflation rises were initially the result of the unprecedented government support schemes introduced during the Covid pandemic which had swollen government debt levels and central bank balance sheets substantially.Â But then the war in Ukraine further exacerbated inflation as the resulting international sanctions regime against Russia disrupted supply chains, particularly in relation to energy where prices increased dramatically.Â

However, despite some of the more extreme projections of inflation possibly rising to levels of 20 percent being put forward by some analysts during the year, we thought such levels would be unlikely as long as wage settlements did not embed higher inflation into the system and that a relatively quick return to more normal levels of inflation could be expected, particularly as the higher energy costs related to the war began to drop out of the annual calculation.

In the event, while inflation did reach levels not seen for many decades, the timely and sustained interest rate rises by central banks, particularly in the USA, have served to stabilise inflation and the headline rates have now started to reduce gradually, even though increases in most household cost of living baskets remain well into double digits, continuing to drive demand for substantial compensatory wage rises.

At this stage, it remains to be seen whether large wage settlements will embed inflation levels at above policy levels for the longer term.Â However, as a mitigating factor, the huge energy price rises seen last year as a result of the war in Ukraine, with crude oil rising by 50 percent (following a 100 percent rise in the previous year as the world economy re-awakened from the Covid pandemic) and natural gas prices rising by up to 300 percent as Russian gas supplies were cut off, have now receded to substantially below pre-war prices.

These lower prices will likely result in significant reductions in headline inflation levels over the next few months.Â This expectation is also driving governments, particularly in the UK and Europe, to stand firm and delay the agreement of above inflation public sector wage settlements despite significant industrial and public sector unrest until such time as the inflation background looks more benign. In the meantime and in order to avoid embedding higher inflation into the system, settlements have focused on one-off compensatory catch-up payments rather than multi-year increases in general pay.

In the absence of clarity around inflation and given the uncertainty about the duration and extent of central bank interest rate increase programmes, financial markets inevitably performed poorly in 2022 with the post-Covid recovery stalling and the major equity markets ended the year in negative territory, as noted in the Chairman s statement above.

A more significant effect, however, was seen in the bond markets which suffered their sharpest falls since 2008 as the higher interest rate environment impacted prices significantly and large-scale government bond issuance programmes were implemented to repair central bank balance sheets following their multi-year quantitative easing programmes and to finance government deficits. These drivers pushed up yields for all issuers, governmental and corporate alike, and over all maturities.

In the UK in particular, this strain on the government bond market was exacerbated by the ill-advised but thankfully short-lived policy errors of the equally short-lived Truss government which in September attempted to introduce un-costed and unfunded tax reductions at a time of high government debt and financing needs, leading to meltdown in a particular part of the Gilt market in relation to pension funds which required fast and significant Bank of England intervention.

Since that time, bond market volatility and valuation issues derived from interest rate increases have caused other significant areas of difficulty. Notably, in relation to confidence in banks, particularly those with certain vulnerabilities for example a record of poor management or repeated scandals (such as Credit Suisse in Switzerland) or an underlying portfolio risk management problem (such as Silicon Valley Bank in the USA). Even though very large in size and considered solvent and ostensibly operating well within their regulatory capital requirements, confidence in even these institutions disappeared quickly over the last few months as deposits were withdrawn by their customers and their share prices collapsed, precipitating further deposit withdrawals and ultimately requiring rescues to be engineered by their respective governments in order to preserve vital confidence in the wider banking market.

This was a wholly unexpected and worrying development which prompts further and more specific examination of the workings of banks within today s much more dynamic and customer/investor empowered world where deposits can be withdrawn or switched at the press of a button, even by smaller retail customers using internet banking apps, or by professional funds taking advantage of a speculative and self-fulfilling interplay between listed banks stock market values and confidence in their deposit bases.

It appears that, in addition to their loan portfolios, banks must now consider concentration and quality of risk in their deposit bases, which have proved to be more volatile and susceptible to adverse publicity than expected, if they are to avoid the contagion which has been seen in recent months between falling bank equity prices - likely exacerbated by professional short selling funds - and deposit withdrawals, leading ultimately to failure or enforced rescue by the authorities.

Further work is now also being undertaken by governments to re-assess the strength and coverage of bank capital adequacy rules, which had for instance been weakened in the USA in the case of banks not considered systemic during the Trump administration, and was possibly a contributing factor in the Silicon Valley Bank failure. An examination of the adequacy of state deposit guarantee schemes is also now being called for in response to the new and systemic risks to confidence in banks posed by the promulgation of misinformation via social media and 24 hour reporting.

This recent unexpected vulnerability in the banking sector, taken together with the undoubted pain which substantially higher rates have brought to companies, home owners and indeed investors as wages fall in real terms, mortgage interest payments double and the asset bubbles built up over years of ultra-low interest rates collapse will now be giving central banks some moment of reflection in relation to their continued programmes of interest rate rises and monetary tightening.Â As reductions in inflation levels become more evident, central banks will have to balance the risks of keeping inflation higher for longer with the risks of possible long term damage to their economies if interest rates are kept too high for too long.

Equity markets have recently begun to sense the approach of a potential pivot point in interest rates and have shown some resilience since the sell-off in the fourth quarter of 2022 following the mis-handled UK mini-budget which had repercussions in both the bond and equity markets, and despite moments of uncertainty in the first quarter of 2023 when fears of a more widespread contagion in banks persisted and temporarily depressed markets.

This equity market resilience has been further supported by the unexpectedly firm economic performance of leading economies which so far have avoided expectations of downturns by the end of 2022 and into 2023, remaining flat instead.Â In the case of the USA, the economy grew by 2.5 percent in 2022 and is expected to grow by 3.0 percent in the current year.

In the UK, an expected technical recession in the last quarter of 2022, particularly in the aftermath of the mis-handled autumn mini-budget, did not materialise and the government expects recession to be avoided in 2023 with activity in retail, hospitality and construction continuing to perform better than expected, despite the recently announced misgivings of the IMF which has consistently under-estimated UK growth levels in recent years.Â

The reasons for this unexpected resilience in the UK economy could be partly the result of the high levels of savings built up during the Covid years when salaries were still being paid through government support schemes but not fully utilised due to general inactivity associated with the pandemic lockdowns. Since then, the sense of relief in the population at the end of the pandemic has encouraged a burst of spending, particularly in hospitality and travel, which has so far not been totally restrained by the sharply rising interest rates and costs of living.

Geron Corporation

As noted in the Chairman s statement above, the value of our largest US investment in Geron Corporation increased substantially in 2022, by 120 percent in sterling terms, allowing our portfolio to outperform for the year as a whole, as the stock price rose strongly in anticipation of important Phase 3 clinical trial results due in early 2023.

Those results were duly announced on 4th January and were as positive as the market had been expecting, confirming in a larger patient population the results of the prior Phase 2 trials which had showed significant and unprecedented success in the treatment of Myelodysplastic Syndrome (MDS), a serious haematological cancer disorder with no long-term cure requiring lifetime and debilitating blood transfusions and leading ultimately to an early death.

Immediately upon announcement of the news, Geron s share price rose by 67 percent from $2.40 to $4.00, building on the large gain already registered in 2022 as a whole. During the day, however, the share price steadily declined to $3.12 on large volume of approximately 120 million shares, being 50 times normal levels and representing around 30 percent of the total shares outstanding.Â It was not until after market close on the same day, however, that the company announced a previously unexpected and un-flagged secondary share offering led by a new financier to the company, to be priced on a book-building basis for new shares representing approximately 20 percent of the market capitalisation of the company. On the next day, the stock price decreased further to $2.48 on volume of 40 million shares and after market close that day, the company announced that the secondary offering of over 90 million shares and warrants, including over-allotment shares, had been priced at $2.45.

It seems quite extraordinary that price sensitive information of such importance and of such potentially price negative effect could reasonably have been withheld and not released at the same time as the good and price positive news concerning the successful clinical trial results announced at the beginning of the same day. The withholding of this price sensitive information during the day s trading session had the effect of artificially inflating the stock price in the absence of full publication of relevant information, leading investors to purchase stock at prices based on incomplete information and indeed giving those potential investors participating in the contemporaneous but at that time unannounced secondary issue the opportunity to short stock ahead of the pricing of the issue and thereby to profit from the exercise, at the expense of existing investors.

It should be said that such activities, were they to have occurred in the UK, could well have been in breach of the regulations relating to market abuse and the Listing Rules of the London Stock Exchange. It is extraordinary and highly damaging that such activities could be permitted under the rules of any properly regulated stock exchange interested in protecting the interests of investors trading on that exchange.

The correct approach would have been for the company either to make a full announcement of the results and equity financing simultaneously in the normal way to avoid a false market in its stock or to allow the stock price to find a new and price-discovered level in the market after the release of the positive results prior to proceeding with the financing at a later stage. Such financing could then be based on a properly re-valued stock price.Â In this way, the managers of the financing would have been required to do the job they were paid for of finding new investors in the company at a fair price both to the company and existing investors given all the circumstances and not to be able to take advantage of a highly predictable yet false price movement in the market to the financial detriment of the company and its investors.

Since these events in January, Geron s stock price fell further below the secondary issue price by more than 20 percent and to well below its pre-announcement level. It has also underperformed the Nasdaq and Biotechnology indices by 35 percent and 45 percent, respectively, over this short period of 10 weeks. It would appear, therefore, that despite Geron s very promising future prospects, as confirmed by the positive trial results announced in January, investor confidence in the stock has again been badly shaken by these damaging and investor-unfriendly market operations, which are similar to those we have had cause to comment upon and criticise many times in the past. Investor confidence was then further undermined in February when senior management sold significant numbers of shares upon the expiry of in-the-money share options under the company s senior management share option programme, giving a further poor signal to the market.

It is very disappointing to see that even at times of imminent success, Geron s management and by extension its stock price fail to perform in line with what the company s long-term investors reasonably deserve and can justifiably expect.Â Notwithstanding this market-related disappointment, the value of Geron s technology will we believe eventually be properly priced through a transparent and un-adulterated price discovery process in the market and will yield superior returns to its long term investors such as ourselves.Â We believe this re-rating can be expected within a short time frame given the end-point now successfully reached by Geron in this particular clinical trials process, either emanating from a long-overdue corporate action within the sector or upon gaining the anticipated official approval later this year of its ground-breaking Imetelstat drug and commencement of commercial sales, for which the company confirmed it had the necessary funding even before the recent equity issue.

Short selling

Finally, given its relevance to the major holdings in our portfolio, it is worth again drawing attention to what can be the very detrimental effects of shorting on market transparency, corporate well-being and shareholder interests in specific sectors of the market.

While many consider that shorting provides much needed liquidity to markets, unless it is properly controlled and understood, which in many instances it seems not to be, it can also have seriously negative and damaging effects on a number of vital market sectors.

It will be recalled for instance that at the time of the financial crisis in 2008/9, regulators imposed co-ordinated bans on shorting bank stocks to limit contagious bank runs and preserve confidence generally in the banking system. The prescience of this move has been underlined in recent weeks in the case of the bank failures/rescues described above where the interplay between the stock prices of listed banks likely further depressed at the time by shorting - and the consequential mass withdrawals of their deposits, no doubt magnified by a rinse and repeat effect, played a major part in these failures.

Shorting can have a similarly detrimental effect on certain other industries requiring high levels of liquidity based primarily on confidence rather than underlying financial worth.Â Biotechnology is such an industry, where companies rely in their early stages of development on the injection of considerable amounts of bank or equity finance for long periods of time to support their multi-year development programmes with no underlying sales, income or tangible assets during this period to support their valuations and share prices or to secure their loans.Â It is therefore essentially financing based on an albeit calculated hope of future success.

Short sellers know very well that these companies require substantial injections of funds consistently over a long period of time and they therefore become an easy target for unscrupulous market operators who are able to sell down the stock to any desired level because of the lack of any verifiable value basis, prior to being able to close such positions either sooner or later via the company s next new stock issuance at a price lower than that at which they had previously shorted and at little risk, therefore, to themselves. The fact that in the majority of cases each new equity issuance in a series of equity issuances over the years is generally struck at an ever declining price (a function of the share dilution inherent in the process) provides validation of this lucrative but pernicious business model for short sellers.

While it cannot be avoided that biotech and other similar long-development technology companies are ultimately in the hands of those entities providing them with finance, the uncontrolled ability of these providers to manipulate the outcomes of these operations to their own financial advantage and limited risk but to the disadvantage of the companies and their shareholders is very damaging to the proper valuation and operation of these important business going forward and eventually to the market in general. A review of these practices and their operation in the public markets is therefore urgently called for.

Jonathan Woolf

27 April 2023

Income statement

For the year ended 31 December 2022

		2022 Â			2021 Â	
	Revenue return	Capital return	Total	Revenue return	Capital return	Total
	Â£ 000	Â£ 000	Â£ 000	Â£ 000	Â£ 000	Â£ 000
Investment income (note 2)	1,156	-	1,156	1,439	-	1,439
Holding gains on investments at fair value through profit or loss	-	579	579	-	1,028	1,028
Losses on disposal of investments at fair value through profit or loss*	-	(294)	(294)	-	(585)	(585)
Foreign exchange gains/(losses)	(40)	277	237	(4)	22	18
Expenses	(424)	(250)	(674)	(422)	(243)	(665)
Profit before finance costs and tax	692	312Â Â Â Â	1,004	1,013	222Â Â Â Â	1,235
Finance costs	(34)	(10)	(44)	(35)	(4)	(39)
Profit before tax	658	302	960	978	218	1,196
Tax	16	-	16	36	-	36
Profit for the year	674	302	976	1,014	218	1,232
Earnings per share						
Basic and diluted - ordinary shares**	1.30p	1.21p	2.51p	2.66p	0.87p	3.53p

The company does not have any income or expense that is not included in the profit/(loss) for the year. Accordingly, the Profit for the year is also the Total Comprehensive Income for the year as defined in IAS 1 (revised) and no separate Statement of Comprehensive Income has been presented.

The total column of this statement represents the Income Statement, prepared in accordance with IFRS. The supplementary revenue return and capital return columns are both prepared under guidance published by the Association of Investment Companies. All items in the above statement derive from continuing operations.

All profit and total comprehensive income is attributable to the equity holders of the company.

*Losses on disposal of investments at fair value through profit or loss include Gains on sales of Â£9,000 (2021 Â£270,000 losses) and Losses on provision for liabilities and charges of Â£303,000 (2021 Â£315,000 losses).

**Calculated in accordance with International Accounting Standard 33 Earnings per Share . Conversion of the preference shares will have an antidilutive effect. Upon conversion of the preference shares to ordinary shares the anti-diluted earnings per share would be 1.93p (2021 2.90p) (revenue return).

Statement of changes in equity

For the year ended 31 December 2022

	Share capital	Capital reserve Â	Retained earnings	Total Â
	Â£ 000	Â£ 000	Â£ 000	Â£ 000
Balance at 31 December 2020	35,000	(28,448)	168	6,720
Changes in equity for 2021				
Profit for the period	-	218	1,014	1,232
Ordinary dividend paid (note 4)	-	-	(875)	(875)
Preference dividend paid (note 4)	-	-	(350)	(350)
Balance at 31 December 2021	35,000	(28,230)	(43)	6,727
Changes in equity for 2022				
Profit for the period	-	302	674	976
Ordinary dividend paid (note 4)	-	-	(437)	(437)
Preference dividend paid (note 4)	-	-	(175)	(175)
Balance at 31 December 2022	35,000	(27,928)	19	7,091

Registered number: 00433137

Balance Sheet

At 31 December 2022

	2022	2021
	Â£ 000	Â£ 000
Non-current assets		
Investments - at fair value through profit or loss	5,600	6,124
Investment in subsidiaries - at fair value through profit or loss	7,712	6,707
	13,312	12,831
Current assets		
Receivables	442	535
Cash and cash equivalents	45	83

	487	618
Total assets	13,799	13,449
Current liabilities		
Trade and other payables	1,794	2,129
Bank credit facility	1,018	619
	(2,812)	(2,748)
Total assets less current liabilities	10,987	10,701
Non - current liabilities	(3,896)	(3,974)
Net assets	7,091	6,727
Equity attributable to equity holders		
Ordinary share capital	25,000	25,000
Convertible preference share capital	10,000	10,000
Capital reserve	(27,928)	(28,230)
Retained revenue earnings	19	(43)
Total equity	7,091	6,727

Approved: 27 April 2023

Cash flow statement

For the year ended 31 December 2022

	Year ended 2022	Year ended 2021
	Â£ 000	Â£ 000
Cash flows from operating activities		
Profit before tax	960	1,196
Adjustments for:		
Gains on investments	(285)	(443)
Dividends in specie	-	(78)
Proceeds on disposal of investments at fair value through profit and loss	548	1,708
Purchases of investments at fair value through profit and loss	(441)	(1,610)
Finance costs	44	39
Operating cash flows before movements in working capital	826	812
Decrease in receivables	109	551
Decrease in payables	(1,351)	(549)
Net cash from operating activities before interest	(416)	814

Interest paid	(21)	(7)
Net cash from operating activities	(437)	807
Cash flows from financing activities		
Dividends paid on ordinary shares	-	(875)
Dividends paid on preference shares	-	(175)
Net cash used in financing activities	-	(1,050)
Net decrease in cash and cash equivalents	(437)	(243)
Cash and cash equivalents at beginning of year	(536)	(293)
Cash and cash equivalents at end of year	(973)	(536)

Purchases and sales of investments are considered to be operating activities of the company, given its purpose, rather than investing activities. Cash and cash equivalents at year end shows net movement on the bank facility.

1 Basis of preparation and going concern

The financial information set out above contains the financial information of the company for the year ended 31 December 2022. The company has prepared its financial statements under IFRS. The financial statements have been prepared on a going concern basis adopting the historical cost convention except for the measurement at fair value of investments, derivative financial instruments and subsidiaries.

The information for the year ended 31 December 2022 is an extract from the statutory accounts to that date. Statutory company accounts for 2021, which were prepared under IFRS as adopted by the UK, have been delivered to the registrar of companies and company statutory accounts for 2022, prepared under IFRS as adopted by the UK, will be delivered in due course.

The auditors have reported on the 31 December 2022 year end accounts and their report was unqualified and did not include references to any matters to which the auditors drew attention by way of emphasis without qualifying their reports and did not contain statements under section 498(2) or (3) of the Companies Act 2006.

The directors, having made enquiries, consider that the company has adequate financial resources to enable it to continue in operational existence for the foreseeable future. Accordingly, the directors believe that it is appropriate to continue to adopt the going concern basis in preparing the company's accounts.

2 Income

	2022	2021
	Â£ 000	Â£ 000
Income from investments		
UK dividends	89Â	391Â
Dividend from subsidiary	1,001Â	907Â
	1,090	1,298
Other income	66	71
Other	-	70
Total income	1,156	1,439

Total income comprises:

Dividends	1,090	1,298
Other interest	66Â	141Â
	1,156	1,439
Dividends from investments		
Listed investments	89Â	391Â
Unlisted investments	1,001Â	907Â
	1,090Â	1,298Â

During the year the company received a dividend of Â£1,001,000 (2021 - Â£907,000) from a subsidiary which was generated from gains made on the realisation of investments held by that company. As a result of the receipt of this dividend a corresponding reduction was recognised in the value of the investment in the subsidiary company.

Of the Â£1,090,000 (2021 Â£1,298,000) dividends received, Â£nil (2021 Â£204,000) related to special and other dividends received from investee companies that were bought after the dividend announcement. There was a corresponding capital loss of Â£nil (2021 Â£249,000), on these investments.

During the year the company recognised Â£317,000 of a foreign exchange gain on the loan of $3,526,000 to a subsidiary.Â As a result of this gain, the corresponding movement was recognised in the value of the investment in the subsidiary company.

Under IFRS 10 the income analysis is for the parent company only rather than that of the consolidated group. Thus, film revenues of Â£107,000 (2021 Â£171,000) received by the subsidiary British & American Films Limited and property unit trust income of Â£1,000 (2021 Â£2,000) received by the subsidiary BritAm Investments Limited are shown separately in this paragraph.Â Â Â Â Â Â Â

3 Earnings per ordinary share

The calculation of the basic (after deduction of preference dividend) and diluted earnings per share is based on the following data:

	2022			2021		
	Revenue return Â	Capital return	Total	Revenue return Â	Capital return	Total
	Â£ 000	Â£ 000	Â£ 000	Â£ 000	Â£ 000	Â£ 000
Earnings:						
Basic and diluted	324	302	626	664	Â 218	882

Basic revenue, capital and total return per ordinary share is based on the net revenue, capital and total return for the period after tax and after deduction of dividends in respect of preference shares and on 25 million (2021: 25 million) ordinary shares in issue.

The diluted revenue, capital and total return is based on the net revenue, capital and total return for the period after tax and on 35 million (2021: 35 million) ordinary and preference shares in issue.

*Calculated in accordance with International Accounting Standard 33 Earnings per Share . Conversion of the preference shares will have an antidilutive effect. Upon conversion of the preference shares to ordinary shares the anti-diluted earnings per share would be 1.93p (2021 2.90p) (revenue return).

4 Dividends

	2022	2021
	Â£ 000	Â£ 000
Amounts recognised as distributions to equity holders in the period		
Dividends on ordinary shares:		
Final dividend for the year ended 31 December 2021 of 0.0p		

(2020: 0.0p) per share	-	-
First interim dividend for the year ended 31 December 2022 of 1.75p (2021: 2.7p) per share	437	675
Second interim dividend for the year ended 31 December 2022 of 0.0p (2021: 0.8p) per share	-	200
	437	875
Proposed final dividend for the year ended 31 December 2022 of 0.0p (2021: 0.0p) per share	-Â	-Â
Dividends on 3.5% cumulative convertible preference shares:		
Preference dividend for the 6 months ended 31 December 2021 of 0.00p (2020: 0.00p) per share	-	-
Preference dividend for the 6 months ended 30 June 2022 of 0.0p (2021: 1.75p) per share	-	175
Preference dividend for the 6 months ended 31 December 2022 of 1.75p (2021: 1.75p) per share	175	175
	175	350

We have set out below the total dividend payable in respect of the financial year, which is the basis on which the retention requirements of Section 1158 of the Corporation Tax Act 2010 are considered.

Dividends proposed for the period

	2022	2021
	Â£ 000	Â£ 000
Dividends on ordinary shares:		
First interim dividend for the year ended 31 December 2022 of 1.75p (2021: 2.7p) per share	437	675
Second interim dividend for the year ended 31 December 2022 of 0.0p (2021: 0.8p) per share	-	200
Proposed final dividend for the year ended 31 December 2022 of 0.0p (2021: 0.0p) per share	-	-
	437	875
Dividends on 3.5% cumulative convertible preference shares:		
Preference dividend for the 6 months ended 30 June 2022 of 0.00p (2021: 1.75p) per share	-	175
Preference dividend for the 6 months ended 31 December 2022 of 1.75p (2021: 1.75p) per share	175	175
	175	350

The non-payment in December 2019, December 2020 and June 2022 of the dividend of 1.75 pence per share on the 3.5% cumulative convertible preference shares, consequent upon the non-payment of a final dividend on the Ordinary shares for the year ended 31 December 2019, for the year ended 31 December 2020 and for the period ended 30 June 2022, has resulted in arrears of Â£525,000 on the 3.5% cumulative convertible preference shares. These arrears will become payable in the event that the ordinary shares receive, in any financial year, a dividend on par value in excess of 3.5%.

Interim dividend declared for the year ended 31 December 2022 of 1.75 pence per ordinary share was paid on 22 December 2022 to shareholders on the register at 9 December 2022. A preference dividend of 1.75 pence was paid to preference shareholders on the same date.

5 Net asset values

		Net asset value per share
	2022	2021
Ordinary shares	Â£	Â£
Diluted	0.20	0.19
Undiluted	0.20	0.19

	Â	Â Net assets attributable
	2022	2021
	Â£ 000	Â£ 000
Total net assets	7,091	6,727
Less convertible preference shares at fully diluted value	(2,026)	(1,922)
Net assets attributable to ordinary shareholders	5,065	4,805

The undiluted and diluted net asset values per Â£1 ordinary share are based on net assets at the year end and 25 million (undiluted) ordinary and 35 million (diluted) ordinary and preference shares in issue.

Principal risks and uncertainties

The principal risks facing the company relate to its investment activities and include market risk (other price risk, interest rate risk and currency risk), liquidity risk and credit risk. The other principal risks to the company are loss of investment trust status and operational risk. These will be explained in more detail in the notes to the 2022 Annual Report and Accounts, but remain unchanged from those published in the 2021 Annual Report and Accounts.

Related party transactions

The company rents its offices from Romulus Films Limited, and is also charged for its office overheads.

The salaries and pensions of the company s employees, except for the non-executive directors and one employee are paid by Remus Films Limited and Romulus Films Limited and are recharged to the company.

During the year the company did not enter into any investment transactions with British & American Films Limited (2021 Â£772,000 sale) or BritAm Investments Limited (2021 Â£711,000 purchase).

At 31 December 2022 Â£4,132,163 (2021 Â£4,084,909) was owed by British & American Films Limited to Romulus Films Limited under an existing loan agreement.

There have been no other related party transactions during the period, which have materially affected the financial position or performance of the company.

Capital Structure

The company's capital comprises Â£35,000,000 (2021 Â£35,000,000) being 25,000,000 ordinary shares of Â£1 (2021 25,000,000) and 10,000,000 non-voting convertible preference shares of Â£1 each (2021 10,000,000). The rights attaching to the shares will be explained in more detail in the notes to the 2022 Annual Report and Accounts, but remain unchanged from those published in the 2021 Annual Report and Accounts.

Directors responsibility statement

The directors are responsible for preparing the financial statements in accordance with applicable law and regulations. The directors confirm that to the best of their knowledge the financial statements prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and the (loss)/profit of the company and that the Chairman s Statement, Managing Director's Report and the Directors report include a fair review of the information required by rules 4.1.8R to 4.2.11R of the FSA s Disclosure and Transparency Rules, together with a description of the principal risks and uncertainties that the company faces.

Annual General Meeting

This year s Annual General Meeting has been convened for Thursday 29 June 2023 at 12.15pm at Wessex House, 1 Chesham Street, London SW1X 8ND.