RNS Number : 6944E
Investment Company PLC
28 February 2024

The Investment Company plc

Half Year Report for the six months ended 31 December 2023

The Investment Company plc (the "Company") is pleased to announce its unaudited results for the six months ended 31 December 2023

Summary of Results

	At 31 December 2023 (unaudited)	At 30 June 2023 (audited)	Change %
Equity Shareholders' funds (£)	**6,613,860**	16,270,804	(59.35)
Number of ordinary shares in issue *	**1,837,205**	4,772,049	(61.50)
Net asset value ("NAV") per ordinary share	**360.00p**	340.96p	5.58
Ordinary share price (mid)	**315.00p**	340.00p	(7.35)
Discount to NAV	**12.50%**	0.28%	(12.22)

	6 months to 31 December 2023 (unaudited)	6 months to 31 December 2022 (unaudited)
Total return per ordinary share **	**11.09p**	18.53p
Dividends paid per ordinary share	**nil**	nil

* Excluding 3,747,673 shares held in Treasury.

** The total return per ordinary share is based on total income after taxation as detailed in the Condensed consolidated income statement and in note 4.

Introduction

On 26 July 2023, the Company adopted a new investment objective and policy following the completion of a tender offer and fund raising. Alongside the change of investment objective and policy, Chelverton Asset Management Limited were appointed as the Company's Investment Manager.

Investment Objective

The Company's investment objective is to maximise capital growth for Shareholders over the long-term by investing in high-quality, quoted, UK small and midcap companies.

Investment Policy

The Company intends to fulfil its investment objective through investing in cash-generative quoted UK small and mid-cap companies that are expected to grow faster than the UK stock market as a whole over the long term and which can finance their own organic growth. The Company will primarily invest in equity securities of companies with shares admitted to listing on the Main Market, the AQSE or to trading on AIM with a market capitalisation of less than £250 million at the time of investment. The Company may also invest in companies with shares admitted to listing on the Main Market, the AQSE or to trading on AIM with a market capitalisation of £250 million or more at the time of investment for liquidity purposes. The Company will identify prospective companies through a formal quantitative and qualitative screening process which focuses on criteria such as the ability to convert a high proportion of profit into cash, sustainable margins, limited working capital intensity and a strong management team. Companies that successfully pass the screening process will form part of the Company's 'investable universe' of prospective companies.

The Company has not set any limits on sector weightings within the portfolio but its exposures to sectors and stocks will be reported to, and monitored by, the Board in order to ensure that adequate diversification is achieved. The Company will maintain a diversified portfolio of a minimum of 60 holdings in UK small and mid-cap companies.

The Company may also invest in cash, cash equivalents, near cash instruments and money market instruments.

The Company will apply the following restrictions on its investments:

- not more than 10% of the Company's Gross Assets at the time of investment will be invested in the securities of a single issuer;
- no investment will be made in companies that are not listed or traded on the Main Market, the AQSE or AIM at the time of investment, nor in any companies which have not applied for their shares to be admitted to listing or trading on these markets;
- no investment will be made in other listed or unlisted closed-ended investment funds or in any open-ended investment funds; and
- the Company will not invest directly in FTSE 100 companies (preference shares, loan stocks or notes, convertible securities or fixed interest securities or any similar securities convertible into shares), nor will it invest in the securities of other investment trusts or in unquoted companies. The Company may, on some occasions, hold such investments as a result of corporate actions by investee companies. If the Company holds shares in a company which enters the FTSE 100, it may not immediately divest of those shares but will do so when it considers appropriate, subject to market conditions.

The Company may hold assets acquired by the Company prior to the adoption of its investment policy for which there is no market and whose value the Company has written down to zero. The Company shall dispose of such assets as soon as is reasonably practicable.

No material change will be made to the investment policy without the approval of Shareholders by ordinary resolution.

Chairman's Statement

Dear fellow Shareholders,

The six-months ending 31 December 2023 was one of considerable change for the Company. Having been conscious of the illiquid nature of the Company's shares and the resulting challenges our Shareholders faced, proposals were put to Shareholders on 30 March 2023. These encompassed a proposed change of Investment Manager to Chelverton Asset Management Limited ("Chelverton"), and importantly an opportunity for Shareholders to either retain some or all of their shareholding in the Company with Chelverton offering a new investment strategy or, alternatively, to realise their investment in cash (at the prevailing net asset value per ordinary share, adjusted for transaction costs).

These proposals were approved by Shareholders just before the start of the period on 26 June 2023 and completed on 26 July 2023. Through the process we said goodbye to a number of long-standing Shareholders with different investment objectives and welcomed new Shareholders, including Chelverton itself and a number of its management and employees.

Alongside the appointment of Chelverton, we also welcomed David Horner, the Investment Trust Director and founder of Chelverton, to the Board. David has already provided a valuable contribution to the Company and the Board values his wise counsel.

With the changes to the Company completed, Michael Weeks stepped down from the Board. I would like to thank Michael for his significant contribution to the Company over his three years as a Director and to wish him well for the future.

Auditors

The Board and the Audit Committee have approved an extension to the engagement term of the Senior Statutory Auditor responsible for the audit opinion in relation to The Investment Company plc. The term was extended for a further year and was made to safeguard the quality of the audit. The Audit Committee is satisfied that this extension does not in any way prejudice the objectivity and independence of the audit.

Outlook

Our objective is now clearly to maximise capital growth over the long term by investing in high quality small and mid-cap companies. Smaller companies in the long-term have outperformed the London Main Market on a total return basis. When this out-performance is compounded, the investment case becomes even more compelling. We now have a very experienced team managing the Company's assets and an investment approach which I believe allows under-priced assets to be identified and advantage to be taken of favourable market dynamics. The UK equities market continues to trade at a significant discount to broader global equities and we believe it offers many attractive investment opportunities that will provide long-term capital appreciation for the Company's Shareholders.

Whilst we start the Company's next chapter as a modest sized investment trust, the Company's assets are now being managed by an award-winning asset manager in Chelverton, with a strong track record of creating value for its investors, whilst increasing investment funds' size.

I look forward to continuing to work with the Chelverton team as we look to maximise capital growth over the long term by investing in high quality small and mid-cap companies.

I.R. Dighé
Chairman
27 February 2024

Investment Managers Report

The history of UK small cap investing over the last 50 years has been one of long-term capital appreciation and wider equity market outperformance punctuated by periods of severe underperformance and sell-downs during periods of economic stress. Examples include the 1975 oil price shock, the 1987 inflation bubble and the 2008 credit crisis, with investors shunning seemingly riskier asset classes. For the last two years we have been experiencing one of those periods of small cap underperformance, particularly the more highly rated growth segment, as a result of meaningful inflation for the first time this century, started by the supply chain disruption during pandemic lockdowns, only to be exacerbated by the invasion of Ukraine. This sustained inflation dented consumer and business confidence, with the attendant increases in interest rates making cash deposit accounts and government bonds an attractive home for investors' savings for the first time in many years, further undermining the appetite for equities. With inflation now starting to fall back, the Directors and Manager are of the view that the recent sell-off and de-rating of UK small cap shares presents one of those opportunities that one will see only a few times in the course of an investment career, to get exposure to a highly attractive asset class, with long-term outperformance characteristics, at a compellingly attractive valuation to drive long-term capital growth.

Since the Board changed the Company's mandate in July 2023 to one of maximising capital growth by investing in high quality, quoted, UK small and mid-caps, the Company's remaining legacy holdings have been liquidated. The Manager has invested just under three-quarters of the funds available in 57 new holdings by the period end, in line with its Investment Strategy of buying businesses that can grow faster than the market through the economic cycle, funding organic growth through their own cash generation thanks to a combination of high margins and low capital intensity. Another characteristic the Manager is looking for is high levels of revenue visibility, which may come from either recurring subscription revenue streams, as enjoyed by many of its software, media and financial services holdings, or design acceptance of 'must have' components by its industrial stocks. Many of the Company's new holdings enjoy market leading positions in their respective sectors, giving them a degree of pricing power. All these characteristics lend themselves to the Company owning, in the Manager's view, a "sleep well at night" portfolio, whilst also providing the prospect of excellent capital growth.

By way of example, the top six holdings at the period end manifest many of these characteristics:

Pendragon, until recently one of the UK's leading motor retail groups, which would not have normally lent itself to the Manager's process, is selling its car retail and leasing businesses to focus on its technologically leading SAAS dealer management software business, which will have the opportunity to grow sales by engaging with previously competing UK motor dealership groups, as well as expanding into the US market by way of a joint venture with the motor group which is acquiring its UK retail assets.

JTC is a leading international provider of administration services to alternative fund managers, private trusts and high net worth wealth offices, with high margin recurring revenues. The business is enjoying strong revenue growth, particularly in the USA, from both the growth of alternative funds' assets under management and a growing trend to outsource their administration.

Ascential owns a number of market leading media assets and is in the process of realising shareholder value by selling two of its three divisions, leaving it with an events business with two leading platforms for the global marketing and fintech industries.

Auction Technology is a leading provider of online bidding software and services for auctioneers in the USA and UK, specialising in the industrial and commercial goods and arts and antiques auction markets. It enjoys very high margins and is therefore prodigiously cash generative, whilst benefitting from the long-term trend for more bidding to be conducted online, as well as offering new ancillary services, like payments, to its auctioneers.

Restore is the UK's second largest document storage and ancillary services business. The records management business provides an inflation linked annuity like revenue stream servicing government departments, the NHS and lawyers and other provides an inflation linked annuity-like revenue stream, servicing government departments, the NHS and lawyers and other professional service providers, which have a requirement to retain and digitise their records.

Finally, **dotDigital** provides a digital marketing platform that enables its clients to communicate effectively across multiple online channels with their customer base. It enjoys high levels of recurring revenues, strong margins and negative working capital and is growing successfully from its UK base into international markets.

The Company's portfolio is currently weighted towards what the Manager sees as oversold growth sectors with technology (21%), media (15%) and financials (14%), where the emphasis is very much on asset light financial service providers, namely JTC (see earlier), Fintel (mortgage market services), Mattioli Woods (wealth manager), AJ Bell (investment platform), and Man Group (asset manager) rather than asset intensive banks and insurance companies. However, with falling inflation bringing on the prospect of rate cuts later this year, and a return to economic growth on the horizon, the Manager has tentatively started to invest in some of its preferred quality cyclical names, with 11% of the invested capital held in construction stocks, 8% in industrials and 6% in consumer cyclicals (excluding Pendragon, which is currently categorised as a consumer stock but on de-merger will move to technology).

The nadir for small cap growth stocks was reached in October 2023, with robust US employment data suggesting rates would need to stay higher for longer and conflict in the Middle East leading to a further bout of risk aversion. Since then, sharp falls in inflation prompted a year-end rally in small and mid-cap growth stocks, witnessed by the Company's 10.9% NAV appreciation in the last two months of the year. Hopefully this provides an indication of what calendar 2024 might hold in store as we go through the year, with the prospect of ongoing declines in inflation providing the opportunity for rate cuts and a further recovery in small and mid-cap equity performance.

Chelverton Asset Management
27 February 2024

Enquiries

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Portfolio and Assets

At 31 December 2023

Security	Holding	Fair Value £	% of net assets
Pendragon	750,000	242,250	3.7
JTC	20,000	162,000	2.4
Ascential	54,407	159,413	2.4
Auction Technology Group	27,500	143,550	2.2
Restore	65,000	141,700	2.1
dotdigital	137,500	135,988	2.1
Premier Foods	100,000	135,600	2.1
Sigmaroc	250,000	133,500	2.0
Oxford Metrics	125,000	132,500	2.0
Clarkson	4,000	126,400	1.9
Learning Technologies Group	150,000	121,500	1.8
Bodycote	20,000	118,902	1.8
Gamma Communications	10,000	112,400	1.7
Alpha Group International	6,577	111,809	1.7
Somero Enterprise Inc.	30,000	111,000	1.7
AJ Bell	35,000	109,550	1.7
Volution Group	25,000	108,400	1.6
YouGov	9,211	107,769	1.6
Inchcape	15,000	107,327	1.6
Global Data	50,000	97,500	1.5
Ebiquity	300,000	96,000	1.5
Man Group	40,000	93,000	1.4

Severfield	140,000	89,040	1.3
Alpha Financial Markets	22,143	86,358	1.3
Celebrus Technologies	40,000	86,000	1.3
Aptitude Software Group	30,000	84,000	1.3
Advanced Medical Solutions Group	40,000	83,001	1.3
Accesso Technology Group	15,000	82,501	1.2
Next 15 Group	10,000	82,500	1.2
Macfarlane Group	70,000	81,900	1.2
Mattioli Woods	12,500	76,250	1.2
Adriatic Metals	35,000	73,500	1.1
FDM Group (Holdings)	15,000	68,776	1.0
Alliance Pharma	175,000	66,500	1.0
Zoo Digital	100,000	65,000	1.0
MPAC	25,000	63,750	1.0
XP Power Limited	4,694	63,651	1.0
Eckoh	164,062	62,344	0.9
Inspired	85,000	61,200	0.9
On the Beach Group	35,000	61,180	0.9
DFS Furniture	50,000	60,900	0.9
LBG Media	75,000	60,300	0.9
The Pebble Group	100,000	59,000	0.9
Water Intelligence	14,500	58,000	0.9
Eurocell	40,000	50,400	0.8
Keystone Law Group	10,000	50,000	0.8
Fintel	20,000	49,000	0.7
Hostelworld	35,000	47,600	0.7
Aquis Exchange	12,500	45,000	0.7
Arecor Therapeutics	25,000	45,000	0.7
Gooch & Housego	7,000	41,300	0.6
Seeing Machines	750,000	40,350	0.6
Luceco	30,000	37,140	0.6
Getbusy	50,000	32,500	0.5
CAB Payments Holdings	35,000	28,910	0.4
Diaceutics	25,000	21,500	0.3
Argentex Group	20,000	17,200	0.3
Legacy holdings		-	-
Total equity		4,889,609	73.9
UK Treasury Bill 4.125% 29/01/27	1,300,000	1,320,124	20.0
Total investments		**6,209,733**	**93.9**
Cash		368,049	5.6
Other assets net of other liabilities		36,078	0.5
Total net assets		**6,613,860**	**100.0**

Interim management report and Directors' responsibility statement

Interim management report

The important events that have occurred during the period under review and their impact on the financial statements are set out in the Chairman's Statement and Investment Manager's Report above.

In the view of the Board, the principal risks facing the Group are substantially unchanged since the date of the Report and Accounts for the year ended 30 June 2023 and continue to be as set out in that report. Risks faced by the Group include, but are not limited to, market risk (which comprises market price risk, interest rate risk and liquidity risk). Details of the Group's management of these risks and exposure to them is set out in the Group's Report and Accounts for the year ended 30 June 2023.

Other than as disclosed in note 9, there have been no significant changes in the related party disclosures set out in the Annual Report.

The Board has undertaken a review of the Company's subsidiaries and has concluded that it is in the best interests of the Group to commence the wind-up of New Centurion Trust Limited which became a subsidiary of the Company in 2005. It is a dormant company whose only asset is the preference shares in the Company which are eliminated on consolidation. Therefore, the wind up will have no impact on the Group's financial statements.

Directors' responsibility statement

The Directors confirm that to the best of their knowledge:

- the condensed set of financial statements has been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting, and gives a true and fair view of the assets, liabilities, financial position and profit or loss of the Group; and

- this Half-Yearly Financial Report includes a fair review of the information required by:

  a) DTR 4.2.7R of the Disclosure Guidance and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and

  b) DTR 4.2.8R of the Disclosure Guidance and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the Group during that period; and any changes in the related party transactions that could do so.

This Half-Yearly Financial Report was approved by the Board of Directors on 27 February 2024 and the above responsibility statement was signed on its behalf by I. R. Dighé, Chairman.

Condensed consolidated income statement

For the six months ended 31 December 2023 (unaudited)

		6 months to 31 December 2023			6 months to 31 December 2022			Year ended 30 June 2023		
	Notes	**Revenue £**	**Capital £**	**Total £**	Revenue £	Capital £	Total £	Revenue £	Capital £	Total £
Gains on investments at fair value through profit or loss		**-**	**258,021**	**258,021**	-	971,706	971,706	-	876,505	876,505
Exchange (loss)/gain on capital items		**-**	**(10,475)**	**(10,475)**	-	22,642	22,642	-	798	798
Investment income	2	**84,002**	**-**	**84,002**	104,010	-	104,010	303,475	-	303,475
Investment Management fee	3	**-**	**-**	**-**	-	-	-	-	-	-
Expenses		**(80,660)**	**-**	**(80,660)**	(201,786)	-	(201,786)	(396,562)	-	(396,562)
Return/(loss) before taxation		**3,342**	**247,546**	**250,888**	(97,776)	994,348	896,572	(93,087)	877,303	784,216
Taxation		**(1,123)**	**-**	**(1,123)**	(12,185)	-	(12,185)	(45,020)	-	(45,020)
Total income/ (loss)/ after taxation		**2,219**	**247,546**	**249,765**	(109,961)	994,348	884,387	(138,107)	877,303	739,196
		Revenue Pence	**Capital pence**	**Total Pence**	Revenue Pence	Capital pence	Total Pence	Revenue pence	Capital pence	Total pence
Return on total income after taxation per 50p ordinary share - basic & diluted	4	**0.10**	**10.99**	**11.09**	(2.30)	20.83	18.53	(2.89)	18.38	15.49

The total column of this statement is the Income Statement of the Group prepared in accordance with International Accounting Standards in conformity with the Companies Act 2006. The supplementary revenue and capital columns are prepared in accordance with the Statement of Recommended Practice ("AIC SORP") issued in July 2022 by the Association of Investment Companies.

The Group did not have any income or expense that was not included in total income for the period. Accordingly, total income is also total comprehensive income for the period, as defined by IAS 1 (revised) and no separate Statement of Comprehensive Income has been presented.

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

The notes form part of these condensed financial statements.

Condensed consolidated statement of changes in equity

For the six months ended 31 December 2023 (unaudited)

	Ordinary share capital	Share premium *	Capital redemption reserve *	Special Reserve *	Capital reserve	Revenue reserve	Total
	£	£	£	£	£	£	£
Balance at 1 July 2023	**2,386,025**	**4,453,903**	**2,408,820**	**-**	**8,545,911**	**(1,523,855)**	**16,270,804**
Total comprehensive income							
Net return for the period	**-**	**-**	**-**	**-**	**247,546**	**2,219**	**249,765**
Transactions with Shareholders recorded directly to equity							
Cancellation of share premium account and capital redemption reserve	**-**	**(4,453,903)**	**(2,408,820)**	**6,862,723**	**-**	**-**	**-**
Share issue	**406,414**	**2,425,325**	**-**	**-**	**-**	**-**	**2,831,739**
Costs of shares purchased under Tender Offer and held in Treasury	**-**	**-**	**-**	**-**	**(12,658,140)**	**-**	**(12,658,140)**
Tender offer and share issue costs	**-**	**-**	**-**	**-**	**(82,235)**	**-**	**(82,235)**
Ordinary dividends - (note 5)	**-**	**-**	**-**	**-**	**-**	**1,927**	**1,927**
Balance at 31 December 2023	**2,792,439**	**2,425,325**	**-**	**6,862,723**	**(3,946,918)**	**(1,519,709)**	**6,613,860**
Balance at 1 July 2022	2,386,025	4,453,903	2,408,820	-	8,185,191	(1,385,748)	16,048,191
Total comprehensive income							
Net return/(loss) for the period	-	-	-	-	994,348	(109,961)	884,387
Balance at 31 December 2022	2,386,025	4,453,903	2,408,820	-	9,179,539	(1,495,709)	16,932,578
Balance at 1 July 2022	2,386,025	4,453,903	2,408,820	-	8,185,191	(1,385,748)	16,048,191
Total comprehensive income							
Net Return/(loss) for the year	-	-	-	-	877,303	(138,107)	739,196
Transactions with Shareholders recorded directly to equity							
Tender offer and share issue costs	-	-	-	-	(516,583)	-	(516,583)
Balance at 30 June 2023	2,386,025	4,453,903	2,408,820	-	8,545,911	(1,523,855)	16,270,804

* Following approval by Shareholders at the General Meeting on 26 June 2023 the special reserve was created by order of the Court on 18 July 2023 by the cancellation of the share premium account and capital redemption reserve.

The notes form part of these condensed financial statements.

Condensed consolidated balance sheet

At 31 December 2023 (unaudited)

	Notes	31 December 2023 £	31 December 2022 £	30 June 2023 £
Non-current assets				
Investments held at fair value through profit or loss	8	**6,209,733**	15,528,839	8,564,470
Current assets				
Trade and other receivables		**140,531**	93,101	25,068
Cash and cash equivalents		**368,049**	1,393,505	8,282,426
		508,580	1,486,606	8,307,494
Current liabilities				
Trade and other payables		**(104,453)**	(82,867)	(601,160)
		(104,453)	(82,867)	(601,160)
Net current assets		**404,127**	1,403,739	7,706,334
Net assets		**6,613,860**	16,932,578	16,270,804
Capital and reserves				
Ordinary share capital	6	**2,792,439**	2,386,025	2,386,025
Share premium		**2,425,325**	4,453,903	4,453,903
Capital redemption reserve		**-**	2,408,820	2,408,820
Special reserve		**6,862,723**	-	-
Capital reserve		**(3,946,918)**	9,179,539	8,545,911
Revenue reserve		**(1,519,709)**	(1,495,709)	(1,523,855)
Shareholders' funds		**6,613,860**	16,932,578	16,270,804
NAV per ordinary share of 50p	7	**360.00p**	354.83p	340.96p

The notes form part of these condensed financial statements.

Condensed consolidated cash flow statement

For the six months ended 31 December 2023 (unaudited)

	31 December 2023 £	31 December 2022 £	30 June 2023 £
Cash flows used in operating activities			
Income received from investments	**14,451**	105,195	303,114
Interest received	**48,236**	-	6,451
Overseas taxation paid	**(2,609)**	(13,843)	(46,539)
Investment management fees paid	**-**	-	-
Other cash payments	**(211,259)**	(229,231)	(382,266)
Net cash used in operating activities	**(151,181)**	(137,879)	(119,240)
Cash flows generated from/(used in) financing activities			
Proceeds from Share Issue	**3,618,690**	-	-
Funding of Tender Offer	**(13,445,091)**	-	-
Share Issue and Tender Offer expenses paid	**(539,075)**	-	(35,000)
Net cash used in financing activities	**(10,365,476)**	-	(35,000)
Cash flows (used in)/generated from investing activities			
Purchase of investments	**(5,956,391)**	(921,273)	(3,412,011)
Sale of investments	**8,558,662**	1,752,246	11,174,206
Net cash generated from investing activities	**2,602,271**	830,973	7,762,195
Net (decrease)/increase in cash and cash equivalents	**(7,914,386)**	693,094	7,607,955
Reconciliation of net cash flow to movement in net cash			
(Decrease)/increase in cash	**(7,914,386)**	693,094	7,607,955
Exchange rate movements	**9**	21,819	(4,121)
(Decrease)/increase in net cash	**(7,914,377)**	714,913	7,603,834
Net cash at start of period	**8,282,426**	678,592	678,592
Net cash at end of period	**368,049**	1,393,505	8,282,426
Analysis of net cash			
Cash and cash equivalents	**368,049**	1,393,505	8,282,426
	368,049	1,393,505	8,282,426

The notes form part of these condensed financial statements.

Condensed notes to the consolidated financial statements

For the six months ended 31 December 2023 (unaudited)

1. Significant accounting policies

Basis of Preparation

The condensed consolidated financial statements, which comprise the unaudited 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 accordance with United Kingdom adopted International Accounting Standards and in accordance with the requirements of the Companies Act 2006. The financial statements have been prepared in accordance with the AIC SORP, except to any extent where it is not consistent with the requirements of International Accounting Standards. The accounting policies are as set out in the Report and Accounts for the year ended 30 June 2023.

The half-year financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting".

The financial information contained in this half year financial report does not constitute statutory accounts as defined by the Companies Act 2006. The financial information for the periods ended 31 December 2023 and 31 December 2022 have not been audited or reviewed by the Company's Auditor. The figures and financial information for the year ended 30 June 2023 are an extract from the latest published audited statements, and do not constitute the statutory accounts for that year. Those accounts have been delivered to the Registrar of Companies and include a report of the Auditor, which was unqualified and did not contain a statement under either Section 498(2) or 498(3) of the Companies Act 2006.

Going Concern

The Directors have made an assessment of the Group's ability to continue as a going concern. This has included consideration of portfolio liquidity, the Group's financial position in respect of its cash flows and investment commitments (of which there are none of significance), the working arrangements of the key service providers, the continued eligibility to be approved as an investment trust company, the impact of the conflicts in Ukraine and the Middle East, and the current economic environment. In addition, 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.

The Directors are satisfied that the Group has the resources to continue in business for the foreseeable future being a period of at least 12 months from the date that these financial statements were approved. Therefore, the financial statements have been prepared on the going concern basis.

Segmental Reporting

The Directors are of the opinion that the Group is engaged in a single segment of business, being investment business.

2. Income

	6 months to 31 December 2023 £	6 months to 31 December 2022 £	Year ended 30 June 2023 £
Income from investments:			
UK dividends	**22,061**	37,048	52,082
Unfranked dividend income (including scrip dividends)	**5,115**	66,962	244,942
UK fixed interest	**7,723**	-	-
	34,899	104,010	297,024
Other income			
Bank deposit and other interest	**49,103**	-	6,451
Total income	**84,002**	104,010	303,475

3. Investment Management Fee

	6 months to 31 December 2023 £	6 months to 31 December 2022 £	Year ended 30 June 2023 £
Investment management fee	**-**	-	-

The Company was self-managed until 26 July 2023 when Chelverton Asset Management were appointed as Investment Manager following completion of the Tender Offer.

The Investment Manager is entitled to an annual fee of 0.75% of the Net Asset Value. To the extent that the ongoing charges ratio exceeds 2%,of Net Asset Value, the Investment Manager has waived the management fee and shall instead make a contribution to the Group to ensure that the ongoing charges ratio does not exceed 2% of Net Asset Value. The Investment Manager's contribution due to the Group at the period end was £94,736 and this figure has been deducted from the expenses in the Income Statement.

4. Return per Ordinary Share

Returns per share are based on the weighted average number of shares in issue during the period. Normal and diluted returns per share are the same as there are no dilutive elements on share capital.

	6 months to 31 December 2023		6 months to 31 December 2022		Year ended 30 June 2023	
	Net return £	**Pence per share**	Net return £	Pence per share	Net return £	Pence per share
Return after taxation attributable to ordinary Shareholders						
Revenue	**2,219**	**0.10**	(109,961)	(2.30)	(138,107)	(2.89)
Capital	**247,546**	**10.99**	994,348	20.83	877,303	18.38
Total comprehensive income	**249,765**	**11.09**	884,387	18.53	739,196	15.49
Weighted average number of ordinary shares	**2,251,911**		4,772,049		4,772,049	

5. Dividends per Ordinary Share

Amounts recognised as distributions to equity holders in the period.

	6 months to 31 December 2023 £	6 months to 31 December 2022 £	Year ended 30 June 2023 £
Ordinary shares			
Unclaimed dividends in respect of prior periods clawed back after 12 years	(1,927)	-	-

Total	(1,927)	-	-

6. Ordinary Share Capital

	31 December 2023		31 December 2022		30 June 2023	
	Number	**£**	Number	£	Number	£
Ordinary shares of 50p each	**5,584,878**	**2,792,439**	4,772,049	2,386,025	4,772,049	2,386,025

As announced on 18 July 2023, 3,980,664 ordinary shares were validly tendered pursuant to the Tender Offer, constituting 83.4% of the existing issued share capital of the Company at that date. All validly tendered ordinary shares were accepted in full, with 3,747,673 ordinary shares repurchased by the Company and 232,991 ordinary shares sold to Incoming Shareholders pursuant to the Matched Bargain Facility.

In addition, on 26 July 2023 the Company issued 812,829 new ordinary shares in connection with the Offer for Subscription and Intermediaries Offer.

Following Admission, and completion of the Tender Offer, the Company's total issued share capital comprises of 5,584,878 ordinary shares. Of the shares in issue, 3,747,673 ordinary shares are held in Treasury. Therefore, the total number of shares with voting rights in the Company is 1,837,205.

The above figure of 1,837,205 may be used by Shareholders as the denominator for the calculations by which they will determine if they are required to notify their interest, or a change to their interest in, the Company under the FCA's Disclosure Guidance and Transparency Rules.

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.

At 31 December 2023, the Company holds 3,747,673 ordinary shares in Treasury (31 December 2022: Nil, 30 June 2023: Nil).

7. Net Asset Value per Ordinary Share

The NAV per ordinary share is calculated as follows:

	31 December 2023	31 December 2022	30 June 2023
	£	£	£
Net assets	**6,613,860**	16,932,578	16,270,804
Ordinary shares in issue (excluding shares held in Treasury)	**1,837,205**	4,772,049	4,772,049
NAV per ordinary share	**360.00p**	354.83p	340.96p

8. Fair Value Hierarchy

The fair value is the amount at which an asset could be sold in an ordinary transaction between market participants at the measurement date, other than a forced or liquidation sale. The Group measures fair values using the following hierarchy that reflects the significance of the inputs used in making the measurements.

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 and 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 for the asset or liability.

The table below sets out fair value measurement of financial instruments as at 31 December 2023, by the level in the fair value hierarchy into which the fair value measurement is categorised.

	Level 1	**Level 2**	**Level 3**	**Total**
	£	**£**	**£**	**£**
At 31 December 2023				
Investments held at fair value through profit or loss	**6,209,733**	**-**	**-**	**6,209,733**
At 31 December 2022				
Investments held at fair value through profit or loss	15,472,364	-	56,475	15,528,839
At 30 June 2023				
Investments held at fair value through profit or loss	8,564,470	-	-	8,564,470

Investments held at fair value through profit or loss [illegible] [illegible]

Reconciliation of Level 3 investments

The following table summarises Level 3 investments that were accounted for at fair value.

	31 December 2023	31 December 2022	30 June 2023
	£	£	£
Opening balance	**-**	61,152	61,152
Sales proceeds*	**-**	-	-
Losses on investments	**-**	(4,677)	(61,152)
Closing balance	**-**	56,475	-

* No Level 3 investments were sold in the period.

9. Related party transactions

Fiske plc, a company in which Mr Perrin is a non-executive director, is the Company's custodian. An amount of £3,088 (2022: £4,069) was paid to Fiske plc pursuant to the custody agreement and, as at the period end, £1,553 (2022: £2,209) was payable to Fiske plc.

David Horner was appointed as a non-executive Director on 26 July 2023. Mr Horner is the Investment Trust Director of the Investment Manager. The transactions with the Investment Manager are described in note 3. At 31 December 2023, there was an amount of £94,736 due from the Investment Manager to the Group as a contribution towards the running costs of the Group.

During the first six months of the financial year, no other transactions with related parties have taken place which have materially affected the financial position or performance of the Group.

Neither the contents of the Company's website nor the contents of any website accessible from hyperlinks on this announcement (or any other website) is incorporated into, or forms part of this announcement.